

# **Merlin Properties SOCIMI, S.A. and Subsidiaries**

Interim Condensed Consolidated Financial  
Statements for the six-month period ended 30  
June 2021 prepared in accordance with  
International Financial Reporting Standards  
(IFRSs) as adopted by the European Union,  
together with Report on Limited Review

*Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial framework applicable to the Group in Spain (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.*

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## REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of  
Merlin Properties SOCIMI, S.A. at the request of the Board of Directors,

### **Report on the Interim Condensed Consolidated Financial Statements**

#### *Introduction*

We have performed a limited review of the accompanying interim condensed consolidated financial statements (“the interim financial statements”) of Merlin Properties SOCIMI, S.A. (“the Parent”) and Subsidiaries (“the Group”), which comprise the interim condensed consolidated statement of financial position as at 30 June 2021, and the interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent’s directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

#### *Scope of Review*

We conducted our limited review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

#### *Conclusion*

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2021 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

### *Emphasis of Matters*

We draw attention to Note 2.1 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020. Our conclusion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2021 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2021. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Merlin Properties SOCIMI, S.A. and Subsidiaries.

### *Other Matter*

This report was prepared at the request of the Board of Directors of Merlin Properties SOCIMI, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.



Ignacio Alcaraz Elorrieta

29 July 2021

# **Merlin Properties SOCIMI, S.A. and Subsidiaries**

Interim Condensed Consolidated Financial Statements  
for the six-month period ended 30 June 2021 prepared  
in accordance with International Financial Reporting  
Standards (IFRS) as adopted by the European Union

*Translation of interim condensed financial statements  
originally issued in Spanish and prepared in accordance with  
the Group in Spain (see Notes 2 and 17). In the event of a  
discrepancy, the Spanish language version prevails.*

## MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

(Thousands of euros)

| ASSETS  | Notes to the<br>Financial Statements | 30-06-2021        | 31-12-2020        | EQUITY AND LIABILITIES                                | Notes to the<br>Financial Statements | 30-06-2021        | 31-12-2020        |
|---|--------------------------------------|-------------------|-------------------|---|--------------------------------------|-------------------|-------------------|
| <b>NON-CURRENT ASSETS:</b>                        |                                      |                   |                   | <b>EQUITY:</b>  | <b>Note 9</b>                        |                   |                   |
| Other intangible assets                           | Note 5                               | 1.044             | 961               | Share capital   |                                      | 469.771           | 469.771           |
| Property, plant and equipment                     | Note 5                               | 7.413             | 7.106             | Share premium   |                                      | 3.647.876         | 3.813.409         |
| Investment property                               | Note 6                               | 12.171.363        | 12.139.347        | Reserves  |                                      | 2.562.670         | 2.509.875         |
| Investments accounted for using the equity method | Note 7                               | 446.034           | 434.127           | Other equity holder contributions                     |                                      | 540               | 540               |
| Non-current financial investments-                | Note 8                               | 335.828           | 392.747           | Valuation adjustments                                 |                                      | (79.508)          | (99.537)          |
| Derivatives                                       |                                      | 141.808           | 107.910           | Treasury shares                                       |                                      | (32.309)          | (54.149)          |
| Other financial assets                            |                                      | 194.020           | 284.837           | Profit/(Loss) for the year attributable to the Parent |                                      | 190.336           | 56.358            |
| Deferred tax assets                               |                                      | 86.736            | 87.469            | Equity attributable to the Parent                     |                                      | 6.759.376         | 6.696.267         |
| Total non-current assets                          |                                      | 13.048.418        | 13.061.757        |   |                                      |                   |                   |
|   |                                      |                   |                   | <b>NON-CURRENT LIABILITIES:</b>                       |                                      |                   |                   |
|   |                                      |                   |                   | Debt instruments and other marketable securities      | Note 10                              | 4.015.335         | 4.065.802         |
|   |                                      |                   |                   | Non-current bank borrowings                           | Note 10                              | 1.663.744         | 1.692.097         |
|   |                                      |                   |                   | Other financial liabilities                           | Note 11                              | 144.979           | 141.436           |
|   |                                      |                   |                   | Deferred tax liabilities                              | Note 11                              | 681.242           | 684.454           |
|   |                                      |                   |                   | Provisions  | Note 11                              | 7.331             | 18.296            |
|   |                                      |                   |                   | Total non-current liabilities                         |                                      | 6.512.631         | 6.602.085         |
|   |                                      |                   |                   |   |                                      |                   |                   |
| <b>CURRENT ASSETS:</b>                            |                                      |                   |                   | <b>CURRENT LIABILITIES:</b>                           |                                      |                   |                   |
| Inventories                                       |                                      | 36.834            | 33.436            | Debt instruments and other marketable securities      | Note 10                              | 586.333           | 36.291            |
| Trade and other receivables                       | Note 8                               | 38.699            | 33.368            | Bank borrowings                                       | Note 10                              | 13.706            | 13.261            |
| Other current financial assets                    | Note 8                               | 157.312           | 79.365            | Other current financial liabilities                   | Note 11                              | 8.182             | 7.780             |
| Other current assets                              |                                      | 23.277            | 17.664            | Trade and other payables                              | Note 12                              | 78.104            | 111.112           |
| Cash and cash equivalents                         |                                      | 680.328           | 252.022           | Current tax liabilities                               |                                      | 3.515             | 2.474             |
| Total current assets                              |                                      | 936.450           | 415.855           | Other current liabilities                             | Note 11                              | 23.021            | 8.342             |
|   |                                      |                   |                   | Total current liabilities                             |                                      | 712.861           | 179.260           |
| <b>TOTAL ASSETS</b>                               |                                      | <b>13.984.868</b> | <b>13.477.612</b> | <b>TOTAL EQUITY AND LIABILITIES</b>                   |                                      | <b>13.984.868</b> | <b>13.477.612</b> |

The accompanying explanatory Notes 1 to 17 are an integral part of the statement of financial position at 30 June 2021.

**MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

(Thousands of euros)

|  | Notes to the<br>Financial Statements | 30-06-2021     | 30-06-2020      |
|--|--------------------------------------|----------------|-----------------|
| <b>CONTINUING OPERATIONS:</b>  |                                      |                |                 |
| Revenue  | Notes 4 and 13.a                     | 222.276        | 223.927         |
| Other operating income   |                                      | 2.929          | 1.390           |
| Personnel expenses   | Note 13.c                            | (20.493)       | (21.339)        |
| Other operating expenses   | Note 13.b                            | (32.761)       | (32.333)        |
| Gains/(losses) on disposals of assets                                | Note 6                               | (2.272)        | (14.159)        |
| Depreciation and amortisation  | Note 5                               | (767)          | (734)           |
| Excessive provisions   |                                      | 1.614          | (368)           |
| Change in fair value of investment properties                        | Note 6                               | 30.409         | 31.962          |
| <b>PROFIT/(LOSS) FROM OPERATIONS</b>                                 |                                      | <b>200.935</b> | <b>188.346</b>  |
| <b>Change in the fair value of financial instruments-</b>            |                                      | <b>39.479</b>  | <b>(39.889)</b> |
| Changes in fair value of financial instruments - Implicit derivative | Note 8                               | 33.940         | (18.907)        |
| Changes in fair value of financial instruments - Other               |                                      | 5.539          | (20.982)        |
| Finance income   |                                      | 1.676          | 1.574           |
| Finance expenses   |                                      | (67.288)       | (71.873)        |
| Gains/ (losses) on disposals of financial instruments                |                                      | (219)          | (10)            |
| Share of results of companies accounted for using the equity method  | Note 7                               | 14.774         | (8.346)         |
| <b>PROFIT/(LOSS) BEFORE TAX</b>                                      |                                      | <b>189.357</b> | <b>69.802</b>   |
| Income tax   |                                      | 979            | 1.142           |
| <b>PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>       |                                      | <b>190.336</b> | <b>70.944</b>   |
| Attributable to shareholders of the Parent Company                   |                                      | 190.336        | 70.944          |
| Attributable to non-controlling interests                            |                                      | -              | -               |
| <b>EARNINGS PER SHARE (in euros):</b>                                |                                      | <b>0,41</b>    | <b>0,15</b>     |
| <b>BASIC EARNINGS PER SHARE (in euros):</b>                          |                                      | <b>0,41</b>    | <b>0,15</b>     |
| <b>DILUTED EARNINGS PER SHARE (in euros):</b>                        |                                      | <b>0,41</b>    | <b>0,15</b>     |

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated income statement for the six-month period ended 30 June 2021.

**MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

(Thousands of euros)

|   | Notes to the<br>Financial Statements | 30-06-2021     | 30-06-2020      |
|---|--------------------------------------|----------------|-----------------|
| <b>PROFIT/(LOSS) PER INCOME STATEMENT</b>                       |                                      | <b>190.336</b> | <b>70.944</b>   |
| <b>OTHER COMPREHENSIVE INCOME:</b>                              |                                      |                |                 |
| Income and expenses recognised directly in equity               |                                      |                |                 |
| Cash flow hedges  |                                      | 15.261         | (22.433)        |
| Translation differences   |                                      | -              | -               |
| <b>OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY</b> |                                      | <b>15.261</b>  | <b>(22.433)</b> |
| Transfers to profit or loss                                     |                                      |                |                 |
| Hedging instruments   |                                      | 4.768          | 5.020           |
| <b>TOTAL TRANSFERS TO PROFIT OR LOSS</b>                        |                                      | <b>4.768</b>   | <b>5.020</b>    |
| <b>TOTAL COMPREHENSIVE INCOME</b>                               |                                      | <b>210.365</b> | <b>53.531</b>   |
| Attributable to shareholders of the Parent Company              |                                      | 210.365        | 53.531          |
| Attributable to non-controlling interests                       |                                      | -              | -               |

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2021.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
(Thousands of euros)

|  | Share Capital  | Share Premium    | Reserves         | Shareholder Contributions | Profit/(Loss) of the period | Interim Dividend | Valuation adjustments | Treasury Shares | Equity attributable to the Parent | TOTAL            |
|--|----------------|------------------|------------------|---------------------------|-----------------------------|------------------|-----------------------|-----------------|-----------------------------------|------------------|
| <b>Balances at 31 December 2019</b>              | <b>469.771</b> | <b>3.813.409</b> | <b>2.094.275</b> | <b>540</b>                | <b>563.639</b>              | <b>(92.939)</b>  | <b>(83.135)</b>       | <b>(56.860)</b> | <b>6.708.700</b>                  | <b>6.708.700</b> |
| Consolidated comprehensive income                | -              | -                | -                | -                         | 70.944                      | -                | (17.413)              | -               | 53.531                            | 53.531           |
| Distribution of 2019 profit                      | -              | -                | 470.700          | -                         | (563.639)                   | 92.939           | -                     | -               | -                                 | -                |
| Transactions with shareholders or owners:        | -              | -                | -                | -                         | -                           | -                | -                     | -               | -                                 | -                |
| Distribution of dividends                        | -              | -                | (68.518)         | -                         | -                           | -                | -                     | -               | (68.518)                          | (68.518)         |
| Acquisition/(sale) of treasury shares            | -              | -                | 30               | -                         | -                           | -                | -                     | (70)            | (40)                              | (40)             |
| Recognition of share-based payments              | -              | -                | 8.129            | -                         | -                           | -                | -                     | -               | 8.129                             | 8.129            |
| Delivery of share distribution scheme            | -              | -                | (497)            | -                         | -                           | -                | -                     | 1.243           | 746                               | 746              |
| <b>Balances at 30 June 2020</b>                  | <b>469.771</b> | <b>3.813.409</b> | <b>2.504.119</b> | <b>540</b>                | <b>70.944</b>               | <b>-</b>         | <b>(100.548)</b>      | <b>(55.687)</b> | <b>6.702.548</b>                  | <b>6.702.548</b> |
| <b>Balances at 31 December 2020</b>              | <b>469.771</b> | <b>3.813.409</b> | <b>2.509.875</b> | <b>540</b>                | <b>56.358</b>               | <b>-</b>         | <b>(99.537)</b>       | <b>(54.149)</b> | <b>6.696.267</b>                  | <b>6.696.267</b> |
| Consolidated comprehensive income                | -              | -                | -                | -                         | 190.336                     | -                | 20.029                | -               | 210.365                           | 210.365          |
| Distribution of 2020 profit (Note 9)             | -              | (25.467)         | 81.825           | -                         | (56.358)                    | -                | -                     | -               | -                                 | -                |
| Transactions with shareholders or owners:        | -              | -                | -                | -                         | -                           | -                | -                     | -               | -                                 | -                |
| Distribution of dividends (Note 9)               | -              | (140.066)        | -                | -                         | -                           | -                | -                     | -               | (140.066)                         | (140.066)        |
| Acquisition/(sale) of treasury shares            | -              | -                | (2)              | -                         | -                           | -                | -                     | 5               | 3                                 | 3                |
| Recognition of share-based payments              | -              | -                | 5.129            | -                         | -                           | -                | -                     | -               | 5.129                             | 5.129            |
| Share-based payments                             | -              | -                | (33.813)         | -                         | -                           | -                | -                     | 20.986          | (12.827)                          | (12.827)         |
| Delivery of share distribution scheme and others | -              | -                | (344)            | -                         | -                           | -                | -                     | 849             | 505                               | 505              |
| <b>Balances at 30 June 2021</b>                  | <b>469.771</b> | <b>3.647.876</b> | <b>2.562.670</b> | <b>540</b>                | <b>190.336</b>              | <b>-</b>         | <b>(79.508)</b>       | <b>(32.309)</b> | <b>6.759.376</b>                  | <b>6.759.376</b> |

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed statement of changes in equity as of 30 June 2021.

# MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

## interimCONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

(Thousands of euros)

|   | Notes to the<br>Financial Statements | 30-06-2021       | 30-06-2020       |
|---|--------------------------------------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                            |                                      | <b>76.569</b>    | <b>(62.006)</b>  |
| <b>Profit for the year before tax</b>                                   |                                      | <b>189.357</b>   | <b>69.802</b>    |
| <b>Adjustments for-</b>   |                                      | <b>(5.420)</b>   | <b>114.489</b>   |
| Depreciation and amortization   | <b>Note 5</b>                        | 767              | 734              |
| Change in fair value of investment property                             | <b>Note 6</b>                        | (30.409)         | (31.962)         |
| Change in provisions of working capital                                 |                                      | 11.986           | 12.646           |
| Changes in provisions for contingencies and charges                     |                                      | (1.614)          | 368              |
| Gains/(Losses) on disposals of non-current assets                       | <b>Note 3</b>                        | 2.272            | 14.159           |
| Finance income  |                                      | (1.676)          | (1.574)          |
| Finance expenses  |                                      | 67.288           | 71.873           |
| Changes in fair value of financial instruments                          | <b>Note 8</b>                        | (39.479)         | 39.889           |
| Impairment and gains or losses on disposal of financial instruments     |                                      | 219              | 10               |
| Share of results of investments accounted for using the equity method   | <b>Note 7</b>                        | (14.774)         | 8.346            |
| Other gains/(losses)  |                                      | -                | -                |
| <b>Changes in working capital-</b>                                      |                                      | <b>(49.553)</b>  | <b>(179.089)</b> |
| Inventories   |                                      | (3.398)          | (58)             |
| Accounts receivable   | <b>Note 8</b>                        | (5.331)          | (8.422)          |
| Other financial assets  |                                      | (5.613)          | (103.000)        |
| Other current assets and liabilities                                    | <b>Note 8</b>                        | 402              | (822)            |
| Accounts payable  | <b>Note 12</b>                       | (40.808)         | (68.644)         |
| Other assets and liabilities  |                                      | 5.195            | 1.857            |
| <b>Other cash flows from operating activities-</b>                      |                                      | <b>(57.814)</b>  | <b>(67.208)</b>  |
| Interest paid   |                                      | (57.888)         | (66.913)         |
| Interest received   |                                      | 99               | 2                |
| Income tax paid   |                                      | (25)             | (297)            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                            |                                      | <b>(2.053)</b>   | <b>(98.175)</b>  |
| <b>Payments due to investments-</b>                                     |                                      | <b>(88.598)</b>  | <b>(123.123)</b> |
| Net cash flow from business acquisitions                                |                                      | (2)              | -                |
| Investment property   | <b>Note 6</b>                        | (80.327)         | (113.986)        |
| Concession assets and property, plant and equipment                     |                                      | (1.238)          | (8.480)          |
| Contributions to associates and other non-current investments           |                                      | (7.031)          | (658)            |
| <b>Proceeds from disposals-</b>   |                                      | <b>86.545</b>    | <b>24.948</b>    |
| Financial assets  |                                      | 5.557            | -                |
| Investment property   |                                      | 80.988           | 24.948           |
| Property, plant and equipment   |                                      | -                | -                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                            |                                      | <b>353.789</b>   | <b>802.817</b>   |
| <b>Proceeds and payments relating to equity instruments-</b>            |                                      | <b>(136.059)</b> | <b>(40)</b>      |
| Refund of premium   | <b>Notes 9.2 and 9.3</b>             | (140.066)        | -                |
| Dividends paid  | <b>Note 9.3</b>                      | -                | -                |
| Dividends received from companies accounted for using the equity method |                                      | 4.003            | -                |
| Purchase of equity instruments  | <b>Note 9.4</b>                      | 5                | (40)             |
| <b>Proceeds and payments relating to financial liabilities-</b>         |                                      | <b>489.848</b>   | <b>802.856</b>   |
| Issue of bank borrowing   |                                      | 2.100            | 723.400          |
| Repayment of bank borrowings  | <b>Note 10.1</b>                     | (5.468)          | (21.465)         |
| Debenture issues  | <b>Note 10.2</b>                     | 500.000          | 100.000          |
| Other payments due to financing activities                              | <b>Note 10.5</b>                     | (6.784)          | 921              |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>             |                                      | <b>428.306</b>   | <b>642.635</b>   |
| Cash and cash equivalents at beginning of year                          |                                      | 252.022          | 254.016          |
| Cash and cash equivalents at end of year                                |                                      | 680.328          | 896.651          |

Notes 1 to 17 to the accompanying financial statements are an integral part of the Condensed Consolidated Statement of Cash Flows for the sixmonth period ended 30 June 2021.



## Merlin Properties SOCIMI, S.A. and Subsidiaries

### Explanatory notes for the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021

#### **1. Nature, activity and composition of the Group**

Merlin Properties SOCIMI, S.A. (the "Parent Company") was incorporated in Spain on 25 March 2014 under the Spanish Corporate Enterprises Act [*Ley de Sociedades de Capital*]. On 22 May 2014, the Parent Company requested to be included in the tax regime for listed companies investing in the property market (SOCIMIs), effective from 1 January 2014.

On 27 February 2017, the Parent Company changed its registered office from Paseo de la Castellana 42 to Paseo de la Castellana 257, Madrid.

The Parent Company's corporate purpose, as set out in its Bylaws, is as follows:

- the acquisition and development of urban real estate for subsequent leasing, including the refurbishment of buildings as per the Law 37/1992, of 28 December, on Value Added Tax [*Ley del Impuesto sobre el Valor Añadido*];
- the holding of equity interests in other SOCIMIs or in other non-resident entities in Spain with the same corporate purpose and which operate under a similar regime as that established for SOCIMIs with respect to the mandatory profit distribution policy enforced by law or by the Bylaws;
- the holding of equity interests in other resident or non-resident entities in Spain whose corporate purpose is to acquire urban real estate for subsequent leasing, and which operate under the same regime as that established for SOCIMIs with respect to the mandatory profit distribution policy enforced by law or by the Bylaws, and which meet the investment requirements stipulated for these companies; and
- the holding of shares or equity interests in collective real estate investment undertakings regulated by Law 35/2003, of 4 November, on Collective Investment Undertakings [*Ley de Instituciones de Inversión Colectiva*], or any law that may replace this in the future.

In addition to the economic activity relating to the main corporate purpose, the Parent Company may also carry out any other ancillary activities, i.e., those that generate income, which in total represent less than 20% of its income in each tax period, or those that may be considered ancillary activities under the legislation applicable at any time.

The activities included in the Parent Company's corporate purpose may be indirectly carried out, either in whole or in part, through the ownership of shares or equity interests in companies with a similar or identical corporate purpose.

The direct and, where applicable, indirect performance of any activities which are reserved under special legislation are excluded. If the law prescribes the need for a professional qualification, administrative authorization, entry in a public register, or any other requirement for the purpose of exercising any of the activities within the corporate purpose, no such activity can be exercised until all the applicable professional or administrative requirements have been met.

Merlin Properties SOCIMI, S.A. and Subsidiaries (the "Group") mainly engage in the acquisition and management (through leasing to third parties) of mainly offices, warehouses and commercial premises. They may also invest to a lesser extent in other assets for lease.

On 30 June 2014, the Parent Company was listed on the Spanish stock market through the issuance of EUR 125,000 thousand shares, with a share premium of EUR 1,125,000 thousand. Merlin Properties SOCIMI, S.A.'s shares/securities have been listed on the electronic trading system of the Spanish stock exchanges since 30 June 2014.

On 15 January 2020, the Parent Company's shares were listed on Euronext Lisbon under a dual listing.

The Parent Company and the majority of its subsidiaries are governed by Spanish Law 11/2009, of 26 October, as amended by Spanish Law 16/2012, of 27 December, regulating SOCIMIs (*Ley 16/2012, de 27 de diciembre, por la que se regulan las Sociedades Anonimas Cotizadas de Inversion en el Mercado Inmobiliario*). Article 3 of this Law sets out the investment requirements for these types of companies, namely:

1. At least 80% of a SOCIMI's assets must be invested in urban real estate for leasing purposes and/or in land to be developed for leasing purposes provided such development starts within three years of its acquisition, along with investments in the capital or equity of other entities referred to in Section 1, Article 2 of this Law.

The value of the assets will be determined according to the average of the individual balance sheets for each quarter of the year, whereby the SOCIMI may opt to calculate such value by taking into account the market value of the assets included in such balance sheets instead of their carrying amount, in which case that value would apply to all balance sheets for the year. For these purposes, the money and collection rights arising from the disposal of these properties or shareholdings, if applicable, during the same year or previous years will not be calculated, provided that, in this last case, the reinvestment period referred to in Article 6 of this Law has not elapsed.

2. Similarly, at least 80% of the income for the tax period for each year, excluding that arising from the disposal of shareholdings and properties used in the exercise of its main corporate purpose, once the holding period referred to below has elapsed, should come from the lease of properties and from dividends or shares in profit from these investments.

This percentage is calculated based on consolidated profit if the company is a parent company of a group, as defined in Article 42 of the Spanish Commercial Code, irrespective of the place of residence and the obligation to prepare consolidated financial statements. That group will be exclusively composed of the SOCIMI and all the other entities referred to in Section 1, Article 2 of this Law.

3. The SOCIMI's real estate assets must be leased for at least three years. The period in which the properties have been offered for lease, up to a maximum of one year, will be included for the purposes of this calculation.

This period will be calculated:

- a. In the case of properties that are included in the SOCIMI's assets before it avails itself of the regime, from the date of commencement of the first tax period in which the special tax regime set forth in this Law is applied, provided that the property is leased or offered for lease at that date. Otherwise, the provisions of the following paragraph will apply.
- b. In the case of properties developed or acquired subsequently by the SOCIMI, from the date on which they were leased or offered for lease for the first time.
- c. In the case of shares or equity investments in entities referred to in Section 1, Article 2 of the Law, these must be kept in the SOCIMI's asset base for a period of at least three years after their acquisition or, if applicable, from the beginning of the first tax period during which the special tax regime established in the Law applies.

As established in transitional provision one of Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, governing listed companies investing in the property market, these companies may opt to apply the special tax regime pursuant to Article 8 of this Law, even when the requirements stipulated in it are not fulfilled, provided that such requirements are met within two years of the date on which application of the SOCIMI tax regime is sought.

Failure to fulfil that condition will render the SOCIMI subject to the general corporation tax rules, starting in the tax period in which the non-fulfilment is detected, unless it is remedied within the following tax period. The SOCIMI will also be required to pay, together with the amount relating to the aforementioned tax period, the difference between the amount of tax payable under the general tax regime and the amount paid under the special tax regime in the previous tax periods, including any applicable late-payment interest, surcharges and penalties.

SOCIMIs are taxed at a rate of 0% for income tax. However, where dividends distributed to an equity holder owning at least 5% of the SOCIMI's share capital are exempt from taxation or taxed below 10%, such SOCIMI will be subject to a special tax of 19% on the dividends distributed to those equity holders, in respect corporation tax. If deemed applicable, this special tax will be paid by the SOCIMI within two months after the dividend distribution date.

The transitional period in which the Company had to meet all requirements of this tax regime ended in 2017. At 30 June 2021, the Parent Company meets all the requirements of the current legislation.

## **2. Basis of presentation of the interim condensed consolidated financial statements and consolidation principles**

### **2.1 Regulatory framework**

The regulatory financial reporting framework applicable to the Group consists of the following:

- The Spanish Commercial Code and all other Spanish corporate law.
- International Financial Reporting Standards (IFRSs) as adopted by the European Union pursuant to Regulation (EC) No 1606/2002 of the European Parliament and Law 62/2003, of 30 December, on tax, administrative and social security measures [*Ley de medidas fiscales, administrativas y de orden social*], as well as applicable rules and circulars of the Spanish National Securities Market Commission (CNMV).
- Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, regulating SOCIMIs and other corporate law.
- All other applicable Spanish accounting legislation.

The consolidated financial statements for 2020 have been prepared in accordance with the regulatory financial reporting framework described in the above paragraph and, accordingly, they present a true and fair view of the Group's consolidated equity and financial position as of 31 December 2020 and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows in the year ended 31 December 2020.

The separate and consolidated financial statements for Merlin Properties, SOCIMI, S.A. for 2020 prepared by its directors were approved by the shareholders at the Annual General Meeting on 27 April 2021.

The 2020 individual financial statements for all other Group companies, which were prepared by their respective directors, were approved by their shareholders at the respective General Meetings within the periods established in applicable tax legislation.

These interim condensed consolidated financial statements are presented in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, and were approved by the Parent Company's directors on 29 July 2021, in accordance with Article 12 of Royal Decree 1362/2007.

Pursuant to IAS 34, interim financial reports must be prepared with the sole intention of updating the content of the Group's previous consolidated annual financial statements, with an emphasis on any new activities, events or circumstances that may have occurred during the half-year, but not duplicating the information that was already published in the consolidated annual financial statements. Therefore, the interim condensed consolidated financial statements for the period ended 30 June 2021 do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying interim condensed consolidated financial statements must be read together with the Group's consolidated financial statements for the year ended 31 December 2020.

The consolidated results and determination of consolidated equity are affected by the accounting policies and valuation bases and estimates adopted by the Directors of the Parent Company in the preparation of the condensed consolidated financial statements. The main accounting principles and policies and valuation criteria used correspond to those applied in the 2020 consolidated financial statements, except for the standards and interpretations that entered into force during the first half of 2021.

## 2.2 Bases for reporting the interim condensed consolidated financial statements

The interim condensed consolidated financial statements were compiled based on the accounting records of the Parent Company and consolidated companies, and have been prepared in accordance with the regulatory financial reporting framework described in Note 2.1 and, accordingly, they present a true and fair view of the Group's consolidated equity and financial position as of 30 June 2021 and the consolidated results of its operations, changes in consolidated equity and consolidated cash flows that have taken place in the Group during the six-month period ended on 30 June 2021.

Given that the accounting policies and valuation bases applied in preparing the Group's interim condensed consolidated financial statements in the six-month period ended 30 June 2021 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation in order to unify these policies and bases and to make them compliant with IFRS as adopted by the European Union.

In order to present the various items composing the interim condensed consolidated financial statements in a uniform manner, the accounting policies and valuation bases used by the Parent Company were applied to all the consolidated companies.

These interim condensed consolidated financial statements as of 30 June 2021 were audited. The figures for 30 June 2020 and 31 December 2020 are presented for comparison purposes only.

### 2.2.1 Adoption of International Financial Reporting Standards effective as from 1 January 2021

During the first six months of 2021, the following standards, amendments and interpretations entered into force, which, where applicable, were used by the Group in preparing the interim condensed consolidated financial statements:

| Standards, Amendments and Interpretations   | Description  | Mandatory application for the financial years beginning on or after: |
|---|--|--|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Reform of Benchmark Interest Rates--Phase 2 | Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Reform of Benchmark Interest Rates--(phase 2).                               | 1 January 2021   |
| Amendment to IFRS 4 Differential Application of IFRS 9  | Differences in the application of IFRS 9 until 2023.   | 1 January 2021   |
| Amendment to IFRS 16 Leases - Leasehold improvements  | Modification to extend the term of application of the practical solution under IFRS 16 for leasehold improvements related to COVID-19. | 1 April 2021 (1)   |

(1) Pending adoption by the European Union

These standards and amendments have not had a significant impact.

All accounting policies and valuation bases with a significant effect on the condensed consolidated financial statements were applied.

### 2.2.2 Standards not yet in force in 2021

The following standards were not yet in force in the first six months of 2021, either because their effective date is subsequent to the date of the interim consolidated financial statements, or because they have not yet been adopted by the European Union:

| <b>Standards, Amendments and Interpretations</b>   | <b>Description</b>  | <b>Mandatory application for the financial years beginning on or after:</b> |
|--|---|---|
| Amendments to IFRS 3 Reference to the Conceptual Framework   | IFRS 3 was updated to align the asset and liability definitions in a business combination with those contained in the conceptual framework. In addition, certain clarifications are introduced regarding the recording of contingent assets and liabilities.  | 1 January 2022 (2)  |
| Amendment to IAS 16 Proceeds before intended use   | The change prohibits deducting any proceeds from the cost of property, plant and equipment obtained from the sale of the items produced while the entity is preparing the asset for its intended use. Proceeds from the sale of such samples, together with the production costs, should be recorded in the income statement.       | 1 January 2022 (2)  |
| Amendment to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract                                  | The amendment explains that the direct cost of fulfilling a contract includes the incremental costs of complying with that contract and an allocation of other costs that relate directly to the performance of the contract.   | 1 January 2022 (2)  |
| Improvements to IFRS Cycle 2018-2020   | Minor changes to IFRS 1, IFRS 9, IFRS 16 and IAS 41.  | 1 January 2022 (2)  |
| Amendment to IAS 1 Classifying liabilities as current or non-current                                 | Clarifications about the presentation of liabilities as current or non-current.   | 1 January 2023  |
| Amendments to IAS 1 Breakdown of accounting policies   | Amendments that allow entities to properly identify the information on material accounting policies that must be disclosed in the financial statements.   | 1 January 2023  |
| Amendment to IFRS 8 - Definition of a business   | Amendments and clarifications on what should be understood as a change in an accounting estimate.   | 1 January 2023  |
| Amendment to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction | Clarifications on how companies account for deferred tax on transactions such as leases and decommissioning obligations.  | 1 January 2023  |
| IFRS 17 Insurance contracts and their amendments   | Replaces IFRS 4 and includes the principles of recording, valuation, presentation and breakdown of insurance contracts with the objective that the company provides relevant and reliable information that allows users of financial information to determine the effect that insurance contracts have on the financial statements. | 1 January 2023  |

(2) Approved for use in the European Union.

At present, the Group is assessing the impacts that the future application of standards with a mandatory application date from 1 January 2022 could have on the consolidated financial statements once they enter into force, although these impacts are not expected to be significant.

### **2.3 Functional currency**

These interim condensed consolidated financial statements are presented in euros, since the euro is the functional currency in the area in which the Group operates.

## **2.4 Comparative information**

As required by the international financial reporting standards adopted by the European Union, the information contained in these interim condensed consolidated financial statements for the year ended 30 June 2020 is presented for comparative purposes with information relating to the six-month period ended 30 June 2021 for the interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and for the year ended 31 December 2020 for the interim condensed consolidated statement of financial position.

## **2.5 Responsibility for the information and use of estimates**

The directors of the Parent Company are responsible for the information presented in these Interim Condensed Consolidated Financial Statements.

In the Group's interim condensed consolidated financial statements for the six-month period ended on 30 June 2021, estimates were occasionally made by the senior executives of the Group and of the consolidated companies, later ratified by the Senior Management, in order to quantify certain assets, liabilities, income, expenses and obligations reported herein. These estimates primarily concern the following:

1. The market value of the net assets acquired in business combinations.
2. The market value of the Group's property assets. The Group obtained valuations from independent experts at 30 June 2021.
3. The fair value of certain financial instruments.
4. The assessment of provisions and contingencies.
5. Management of financial risk and, in particular, liquidity risk.
6. The recovery of deferred tax assets and the tax rate applicable to temporary differences.
7. Definition of the transactions carried out by the Group as a business combination in accordance with IFRS 3 or as an acquisition of assets.
8. Compliance with the requirements governing listed real estate investment companies.

### *Changes in estimates*

Although these estimates were made on the basis of the best information available as of 30 June 2021, future events may require these estimates to be modified prospectively (upwards or downwards), in accordance with IAS 8. The effects of any change would be recognized in the corresponding consolidated income statement.

## **2.6 Contingent assets and liabilities**

During the first six months of 2021 there have been no significant changes in the Group's main contingent assets and liabilities.

## **2.7 Seasonal nature of Group transactions**

In view of the activities carried out by the Group companies, the transactions are not markedly cyclical or seasonal. Accordingly, no specific disclosures in this regard are included in these explanatory notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2021.

## **2.8 Consolidated statement of cash flows**

The following terms are used in the condensed consolidated statement of cash flows, prepared using the indirect method, with the meanings ascribed to them below:

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
2. Operating activities: the principal revenue-producing activities of the entities composing the consolidated Group and other non-investing or financing activities.
3. Investing activities: the acquisition and disposal of long term assets and other investments not included in cash and cash equivalents.
4. Financing activities: non-operating activities that result in changes in the size and composition of the equity and liabilities.

## **2.9 Relative importance**

In determining the information to be broken down in the explanatory notes to the interim condensed consolidated financial statements or other matters, the Group has, in accordance with IAS 34, taken into account the relative importance in relation to the interim condensed consolidated financial statements for the six-month period ending 30 June 2021.

## **2.10 Quantitative and qualitative information on the impacts of COVID-19**

The emergence of COVID-19 in China in January 2020 and its recent global expansion has resulted in the World Health Organization classifying the viral outbreak as a pandemic since 11 March 2020. This situation has affected global financial markets since restrictions have been placed on transportation and business activities in many sectors.

On 14 March 2020, the Spanish Government declared a “State of Alarm” under Royal Decree 463/2020 which resulted in certain retail and hospitality activities being classified as essential, where opening was permitted, while others were classified as non-essential based on their nature and therefore subject to a legal forced closure. Likewise in Portugal, a State of Alarm was declared by the President of the Republic in the Decreto do Presidente da Republica no. 14-A/2020, of 18 March, which established, in general terms, the limits on the restrictions of certain fundamental rights due to COVID-19, which included restrictions on the country's retail trade.

Additionally, on 3 November 2020, a new State of Alarm was declared, which continued until 9 May 2021, and which entailed certain restrictions at the regional level, although they were not as severe as those of the first State of Alarm .

In December 2020, the European Union approved the marketing of the first vaccines to tackle the virus, starting the vaccination process.

Taking into account the complexity of the markets due to their global nature, the consequences for the Group's operations are uncertain and will largely depend on the evolution and extent of the pandemic in the coming months, as well as on the ability of all the different economic agents impacted to react and adapt to these circumstances, and the evolution of the vaccination process.

The Directors of the Parent Company have continued to carry out an evaluation of the health and economic impacts caused by the COVID-19 pandemic crisis has had and could continue to have on the Group, among which the following aspects stand out:

- The Group's estimates and, where applicable, the book value of the assets and liabilities on the balance sheet.
- Financial risks: credit risk and liquidity risk.

These do not include all of the impacts, although the Directors and Management Team believe that the other impacts, not listed above, will not have a significant effect on the Group's activity.

### **Valuation of fair value of investment property**

The Group adjusted the fair value of its property investments in accordance with IAS 40. This fair value is determined using the reference of the valuations made by independent third parties every six months such that, at the close of each six-month period, the fair value reflects the market conditions of the elements comprising the investment properties at that date.

To date, the measures adopted to tackle COVID-19 continue to affect the economy and the real estate market globally, especially the shopping center and hotel sector, specifically, from the valuations received by the Group as at 30 June 2021, the appraiser Savills Consultores Inmobiliarios, SA (which, as of 30 June 2021, was measured at 20.6% of the Group's GAV), these are issued on the basis of "material valuation uncertainty" according to VPS 3 and VPGA 10, of the RICS Global Valuation Standards. Consequently, property valuations are kept under frequent review as they are exposed to additional relevant uncertainties that could affect their market value.

The appraisal method described in Note 6 has not been modified, although they were influenced by, among other things, the following aspects derived from the effects of COVID-19:

- Progressive opening of commercial activities in shopping centers.
- Loss of customers and reductions in traffic.
- The positive impact on logistics distributors.
- The risk of losing major contracts.
- Additional discounts for renters.
- Volatility of discount rates capitalization rates due to future uncertainty.

The details of the main assumptions used in the appraisals at June 2021 and December 2020 based on the nature of the assets and the sensitivities to increases and decreases of those variables are included in Note 6 of the attached notes.

### **Liquidity risk**

The Directors of the Parent Company believe that the emergence of the health crisis and the impact on the economy caused by the need for lockdown measures has caused a significant impact on the general financial position of the companies, which can be divided into the specific liquidity risk of the companies or groups and the liquidity risk of customers (credit risk).

In this context, at 30 June 2021 the Group had a leverage ratio (defined as the loan-to-value ratio [*LTV*]) of 40.5% and cash and other liquid assets equal to EUR 680,328 thousand. The only relevant debt maturities faced by the Group in the next twelve months are in May 2022, due to the maturity of a bond amounting to EUR 548 million. However, the Group has issued bonds during the first half of 2021 for an amount of EUR 500 million euros and a maturity of 9 years which will serve to cover the aforementioned debt maturity.

Furthermore, the rating agencies S&P and Moody's have confirmed MERLIN Group's credit rating following the COVID-19 pandemic in view of the commercial policy it implemented, which will be explained below. S&P rated the Group BBB with a stable outlook, while Moody's rated it Baa2 with a negative outlook.

The Parent Company's Directors and Management Team are constantly monitoring the evolution of the situation and the effects it may have on the credit market, and they believe that the Group's situation at 30 June 2021 and the measures mentioned above ensure that it will be solvent to meet liabilities on the balance sheet at 30 June 2021, and there is no material uncertainty about the continuity of the Group's operations.

### **Credit risk**

As indicated in the consolidated director's report for the year ended 31 December 2020, the deterioration of the Group's receivables was not significant, considering that the risk of default was less than 1% of turnover and that the Group has deposits from its tenants to secure the loans.



During the first half of the 2021 financial year, the Group has continued with the commercial policies established in the 2020 financial in response to the pandemic derived from COVID-19.

These complementary measures run from 1 January to 30 June 2021, and are aimed at the majority of tenants with commercial activity in the Group's asset portfolio to support them in the reopening and recovery during the first half of 2021. The measures have consisted in the application of average partial discounts of the guaranteed minimum income of 25% (30% for leisure and restaurants). In the case of forced closure, a 100% discount is applied during the period in which tenants are not legally authorized to open.

These discounts have led to a reduction in net rental income at the end of the first half-year for these actions, amounting to EUR 19,611 thousand. The Group has recorded these loans as a lower "Net Turnover" in the accompanying condensed consolidated income statement, in accordance with accounting regulations and the consideration that there have been no significant changes to the leases.

During 2021, the Directors have continued to assess the credit risk of their tenants as a result of the COVID-19 crisis. Although the Group has continued to support its tenants with the rental discount policies indicated above, based on these facts and on the application of the simplified approach of impairment and credit risk, and also taking into consideration other differential factors of the Group's portfolio of tenants and the characteristics of their leases, and the amounts collected thus far, the Group has concluded that the increased credit risk of its customers has not been significantly affected, the risk of default being less than 1% of the turnover.

In relation to its other financial assets exposed to credit risk, which mainly correspond to loans to associates and third parties, the Directors of the Parent Company have determined that there has not been a significant increase in the risk, considering the measures agreed in some cases with tenants and the long term expectations based on the historical experience with those entities, which make it possible to estimate that during the expected life of the financial asset the credit risk will remain stable.

Notwithstanding the foregoing, the Parent Company's Directors are monitoring the evolution of the situation constantly with the goal of successfully dealing with the possible financial and non-financial impacts that may arise.

### **3. Changes in the scope of consolidation**

In the first half year of financial year 2021, only Edged Spain, S.L.U. entered the scope of consolidation. The Parent Company has acquired 100% of the shares and subsequently sold 50% to Edged Global Services Iberia, S.L.U. Edged Spain, S.L.U. engages in the provision of services for data processing center. The contribution to the condensed consolidated financial statements as of 30 June 2021 is not significant.

### **4. Segment reporting**

#### **a) Basis of segmentation**

Group management has segmented its activities into the business segments detailed below according to the type of assets acquired and managed:

- Office buildings.
- Net lease.
- Shopping centers.
- Logistics assets.
- Other.

Any revenue or expense that cannot be attributed to a specific line of business or relate to the entire Group are attributed to the Parent Company as a "Corporate Unit/Other", as are the reconciling items arising from the reconciliation of the result of integrating the financial statements of the various lines of business (prepared using a management approach) and the Group's consolidated financial statements.

The profits of each segment, and each asset within each segment, are used to measure performance as the Group considers this information to be the most relevant when evaluating the segments' results compared to other groups operating in the same businesses.

The Group carried out its business activities exclusively in Spain and Portugal in the six-month period ended on 30 June 2021.

**b) *Basis and methodology for business segment reporting***

The segment information below is based on monthly reports prepared by the Group's management and is generated using the same computer application that prepares all the Group's accounting information. The accounting policies applied to prepare the segment information are the same as those used by the Group, as described in Note 2.

Segment revenue relates to ordinary revenue directly attributable to the segment plus the relevant proportion of the Group's general income that, on a reasonable basis, can be allocated to that segment. Ordinary revenue of each segment does not include interest or dividend income, nor gains debt recoveries or cancellation.

Segment expenses are calculated as the general expenses arising in operating activities, plus the corresponding proportion of the general expenses that can be reasonably allocated to the segment.

The segment profit or loss is presented before any adjustment for non-controlling interests.

Segment assets and liabilities are those directly related to each segment's operations, plus the assets and liabilities that can be directly attributed thereto using the aforementioned allocation system, and include the proportional part of the assets and liabilities of joint ventures.

Segment reporting for these activities as of 30 June 2021 and its comparison with the previous period (30 June 2020 for revenues and expenses, and 31 December 2020 for assets and liabilities) is presented below:

c) **Segment reporting**

At 30 June 2021

|   | Thousands of euros   |               |                     |                |                |                   |                |
|---|----------------------|---------------|---------------------|----------------|----------------|-------------------|----------------|
|   | Buildings<br>Offices | Net Lease     | Shopping<br>Centers | Logistics      | Other          | Unit<br>Corporate | Total<br>Group |
| Revenue from non-Group customers:                                   |                      |               |                     |                |                |                   |                |
| Rental income   | 105,559              | 42,823        | 38,867              | 30,685         | 1,841          | -                 | 219,775        |
| Services rendered   | 1,559                | -             | 349                 | -              | -              | 592               | 2,501          |
| <b>Revenues</b>   | <b>107,118</b>       | <b>42,823</b> | <b>39,216</b>       | <b>30,685</b>  | <b>1,841</b>   | <b>592</b>        | <b>222,276</b> |
| Other operating income  | 1,177                | -             | 495                 | 948            | 43             | 266               | 2,929          |
| Personnel expenses  | -                    | -             | -                   | -              | -              | (20,493)          | (20,493)       |
| Operating expenses  | (13,561)             | 195           | (8,223)             | (2,568)        | (778)          | (7,826)           | (32,761)       |
| Gains/(losses) on disposal of assets                                | (823)                | 16            | (88)                | (1,175)        | (202)          | -                 | (2,272)        |
| Depreciation and amortization charge                                | (252)                | -             | -                   | -              | (6)            | (509)             | (767)          |
| Excessive provisions  | -                    | -             | -                   | -              | -              | 1,614             | 1,614          |
| Changes in fair value of investment property                        | 27,336               | (14,815)      | (34,164)            | 62,721         | (10,668)       | -                 | 30,409         |
| <b>Profit/(loss) from operations</b>                                | <b>120,995</b>       | <b>28,219</b> | <b>(2,764)</b>      | <b>90,611</b>  | <b>(9,771)</b> | <b>(26,355)</b>   | <b>200,935</b> |
| Change in the fair value of financial instruments:                  |                      |               |                     |                |                |                   |                |
| Changes in fair value of financial instruments                      | -                    | 33,940        | -                   | -              | -              | -                 | 33,940         |
| - Implicit derivative   | -                    | -             | -                   | -              | -              | -                 | -              |
| Changes in fair value of financial instruments                      | -                    | 2,466         | -                   | 558            | -              | 2,515             | 5,539          |
| - Other   | -                    | -             | -                   | -              | -              | -                 | -              |
| Finance income  | -                    | -             | -                   | -              | -              | 1,676             | 1,676          |
| Finance expenses  | -                    | (11,792)      | -                   | (1,963)        | -              | (53,533)          | (67,288)       |
| Profit/(loss) on disposal of financial instruments                  | -                    | -             | -                   | -              | -              | (219)             | (219)          |
| Share of results of companies accounted for using the equity method | -                    | -             | -                   | -              | -              | 14,774            | 14,774         |
| <b>Profit/(Loss) before tax</b>                                     | <b>120,995</b>       | <b>52,833</b> | <b>(2,764)</b>      | <b>89,206</b>  | <b>(9,771)</b> | <b>(61,142)</b>   | <b>189,357</b> |
| <b>Income tax</b>   | <b>(1,530)</b>       | <b>340</b>    | <b>1,587</b>        | <b>(1,039)</b> | <b>-</b>       | <b>1,622</b>      | <b>979</b>     |
| <b>Profit/(Loss) for the year</b>                                   | <b>119,466</b>       | <b>53,173</b> | <b>(1,177)</b>      | <b>88,167</b>  | <b>(9,771)</b> | <b>(59,520)</b>   | <b>190,336</b> |

At 30 June 2020

|   | Thousands of euros   |               |                     |               |                 |                   |                |
|---|----------------------|---------------|---------------------|---------------|-----------------|-------------------|----------------|
|   | Buildings<br>Offices | Net Lease     | Shopping<br>Centers | Logistics     | Other           | Unit<br>Corporate | Total<br>Group |
| Revenue from non-Group customers:                                   |                      |               |                     |               |                 |                   |                |
| Rental income   | 111,995              | 43,276        | 34,077              | 27,699        | 4,130           | -                 | 221,177        |
| Services rendered   | 1,749                | -             | 349                 | -             | -               | 652               | 2,750          |
| <b>Revenues</b>   | <b>113,744</b>       | <b>43,276</b> | <b>34,426</b>       | <b>27,699</b> | <b>4,130</b>    | <b>652</b>        | <b>223,927</b> |
| Other operating income  | 854                  | -             | 249                 | 141           | 77              | 69                | 1,390          |
| Personnel expenses  | -                    | -             | -                   | -             | -               | (21,339)          | (21,339)       |
| Operating expenses  | (12,709)             | (27)          | (8,639)             | (2,024)       | (635)           | (8,300)           | (32,333)       |
| Gains/(losses) on disposal of assets                                | -                    | 114           | (14,181)            | (1)           | (91)            | -                 | (14,159)       |
| Depreciation and amortization charge                                | (221)                | -             | -                   | -             | (6)             | (507)             | (734)          |
| Excessive provisions  | -                    | -             | -                   | -             | -               | (368)             | (368)          |
| Changes in fair value of investment property                        | 123,700              | 19,253        | (117,423)           | 19,968        | (13,536)        | -                 | 31,962         |
| Negative goodwill on business combinations                          | -                    | -             | -                   | -             | -               | -                 | -              |
| <b>Profit/(loss) from operations</b>                                | <b>225,368</b>       | <b>62,615</b> | <b>(105,567)</b>    | <b>45,783</b> | <b>(10,061)</b> | <b>(29,793)</b>   | <b>188,346</b> |
| Change in the fair value of financial instruments:                  |                      |               |                     |               |                 |                   |                |
| Changes in fair value of financial instruments                      |                      |               |                     |               |                 |                   |                |
| - Implicit derivative   | -                    | (18,907)      | -                   | -             | -               | -                 | (18,907)       |
| Changes in fair value of financial instruments                      |                      |               |                     |               |                 |                   |                |
| - Other   | -                    | (6,733)       | -                   | (1)           | -               | (14,248)          | (20,982)       |
| Finance income  | -                    | -             | 1                   | -             | -               | 1,572             | 1,574          |
| Finance expenses  | (161)                | (11,222)      | (1,957)             | (5,663)       | -               | (52,869)          | (71,873)       |
| Profit/(loss) on disposal of financial instruments                  | -                    | -             | -                   | -             | -               | (10)              | (10)           |
| Share of results of companies accounted for using the equity method | -                    | -             | -                   | -             | -               | (8,346)           | (8,346)        |
| <b>Profit/(Loss) before tax</b>                                     | <b>225,208</b>       | <b>25,753</b> | <b>(107,523)</b>    | <b>40,119</b> | <b>(10,061)</b> | <b>(103,694)</b>  | <b>69,802</b>  |
| <b>Income tax</b>   | <b>(666)</b>         | <b>(513)</b>  | <b>2,847</b>        | <b>-</b>      | <b>-</b>        | <b>(526)</b>      | <b>1,142</b>   |
| <b>Profit/(Loss) for the year</b>                                   | <b>224,542</b>       | <b>25,240</b> | <b>(104,677)</b>    | <b>40,119</b> | <b>(10,061)</b> | <b>(104,219)</b>  | <b>70,944</b>  |

At 30 June 2021

|  | Thousands of euros |                  |                  |                  |                |                  |                   |
|--|--------------------|------------------|------------------|------------------|----------------|------------------|-------------------|
|  | Buildings          |                  | Shopping         |                  |                | Unit             | Total             |
|  | Offices            | Net Lease        | Centers          | Logistics        | Other          | Corporate        | Group             |
| Investment property                              | 6,479,656          | 1,722,470        | 2,185,353        | 1,385,054        | 398,829        | -                | 12,171,363        |
| Non-current financial assets-                    | 54,234             | 154,431          | 19,446           | 7,303            | 10,643         | 89,772           | 335,828           |
| Derivatives                                      | -                  | 141,808          | -                | -                | -              | -                | 141,808           |
| Other financial assets                           | 54,234             | 12,623           | 19,446           | 7,303            | 10,643         | 89,772           | 194,020           |
| Deferred tax assets                              | 1,077              | 3,707            | 80               | 3,755            | -              | 78,116           | 86,736            |
| Other non-current assets                         | 4,676              | -                | 37               | 724              | 886            | 448,169          | 454,492           |
| <b>Non-current assets</b>                        | <b>6,539,643</b>   | <b>1,880,608</b> | <b>2,204,916</b> | <b>1,396,836</b> | <b>410,359</b> | <b>616,057</b>   | <b>13,048,418</b> |
| Trade receivables                                | 10,931             | 1,018            | 16,438           | 6,237            | 701            | 3,375            | 38,699            |
| Other current financial assets                   | 80                 | 480              | 65               | 428              | 1              | 156,257          | 157,312           |
| Other current assets                             | 45,961             | 23,807           | 50,703           | 25,847           | 35,363         | 558,758          | 740,439           |
| <b>Current assets</b>                            | <b>56,972</b>      | <b>25,304</b>    | <b>67,206</b>    | <b>32,513</b>    | <b>36,066</b>  | <b>718,391</b>   | <b>936,450</b>    |
| <b>Total assets</b>                              | <b>6,596,614</b>   | <b>1,905,913</b> | <b>2,272,121</b> | <b>1,429,349</b> | <b>446,424</b> | <b>1,334,448</b> | <b>13,984,868</b> |
| Non-current liabilities:                         |                    |                  |                  |                  |                |                  |                   |
| Non-current bank borrowings and debenture issues | 15,780             | 699,557          | -                | 69,731           | -              | 4,894,010        | 5,679,079         |
| Other non-current liabilities                    | 327,818            | 46,628           | 221,008          | 80,759           | 23,919         | 133,422          | 833,552           |
| <b>Non-current liabilities</b>                   | <b>343,599</b>     | <b>746,186</b>   | <b>221,008</b>   | <b>150,490</b>   | <b>23,919</b>  | <b>5,027,432</b> | <b>6,512,631</b>  |
| <b>Current liabilities</b>                       | <b>36,223</b>      | <b>11,571</b>    | <b>22,199</b>    | <b>17,070</b>    | <b>6,322</b>   | <b>619,476</b>   | <b>712,861</b>    |
| <b>Total liabilities</b>                         | <b>379,822</b>     | <b>757,757</b>   | <b>243,207</b>   | <b>167,560</b>   | <b>30,241</b>  | <b>5,646,907</b> | <b>7,225,492</b>  |

At 31 December 2020

|  | Thousands of euros   |                  |                     |                  |                |                   |                   |
|--|----------------------|------------------|---------------------|------------------|----------------|-------------------|-------------------|
|  | Buildings<br>Offices | Net Lease        | Shopping<br>Centers | Logistics        | Other          | Unit<br>Corporate | Total<br>Group    |
| Investment property                              | 6,452,502            | 1,737,911        | 2,207,456           | 1,317,904        | 423,573        | -                 | 12,139,347        |
| Non-current financial assets-                    | 23,639               | 120,762          | 12,569              | 9,192            | 7              | 226,578           | 392,747           |
| Derivatives                                      | -                    | 107,910          | -                   | -                | -              | -                 | 107,910           |
| Other financial assets                           | 23,639               | 12,852           | 12,569              | 9,192            | 7              | 226,578           | 284,837           |
| Deferred tax assets                              | 1,077                | 3,707            | 787                 | 3,782            | -              | 78,116            | 87,469            |
| Other non-current assets                         | 4,820                | -                | 45                  | 50               | 893            | 436,387           | 442,194           |
| <b>Non-current assets</b>                        | <b>6,482,038</b>     | <b>1,862,381</b> | <b>2,220,857</b>    | <b>1,330,928</b> | <b>424,474</b> | <b>741,081</b>    | <b>13,061,757</b> |
| Trade receivables                                | 5,312                | 409              | 14,408              | 5,317            | 585            | 7,336             | 33,368            |
| Other current financial assets                   | 202                  | 1,123            | 306                 | 364              | 2              | 77,368            | 79,365            |
| Other current assets                             | 42,915               | 25,960           | 68,459              | 15,789           | 24             | 149,975           | 303,122           |
| <b>Current assets</b>                            | <b>48,430</b>        | <b>27,493</b>    | <b>83,172</b>       | <b>21,470</b>    | <b>612</b>     | <b>234,679</b>    | <b>415,855</b>    |
| <b>Total assets</b>                              | <b>6,530,468</b>     | <b>1,889,873</b> | <b>2,304,030</b>    | <b>1,352,398</b> | <b>425,085</b> | <b>975,760</b>    | <b>13,477,612</b> |
| Non-current liabilities:                         |                      |                  |                     |                  |                |                   |                   |
| Non-current bank borrowings and debenture issues | 16,643               | 726,366          | -                   | 68,243           | -              | 4,946,646         | 5,757,899         |
| Other non-current liabilities                    | 330,719              | 46,910           | 222,706             | 77,556           | 1,760          | 164,536           | 844,186           |
| <b>Non-current liabilities</b>                   | <b>347,363</b>       | <b>773,277</b>   | <b>222,706</b>      | <b>145,799</b>   | <b>1,760</b>   | <b>5,111,182</b>  | <b>6,602,085</b>  |
| <b>Current liabilities</b>                       | <b>40,399</b>        | <b>11,203</b>    | <b>27,216</b>       | <b>17,717</b>    | <b>2,850</b>   | <b>79,876</b>     | <b>179,260</b>    |
| <b>Total liabilities</b>                         | <b>387,762</b>       | <b>784,480</b>   | <b>249,922</b>      | <b>163,516</b>   | <b>4,610</b>   | <b>5,191,057</b>  | <b>6,781,345</b>  |

**d) Geographical segment reporting**

For the purposes of geographical segment reporting, segment revenue is grouped according to the geographical location of the assets. Segment assets are also grouped according to their geographical location.

The following table provides a summary of ordinary revenues, investment property by geographical area:

At 30 June 2021

|                    | In thousands of euros |             |                            |             |
|--------------------|-----------------------|-------------|----------------------------|-------------|
|                    | Rental income         | %           | Investment<br>property (a) | %           |
| Madrid             | 103,601               | 47%         | 6,518,946                  | 53%         |
| Catalonia          | 36,291                | 17%         | 1,851,352                  | 15%         |
| Andalusia          | 11,267                | 5%          | 441,228                    | 4%          |
| Castilla-La Mancha | 10,598                | 5%          | 579,308                    | 5%          |
| Valencia           | 9,546                 | 4%          | 401,109                    | 3%          |
| Galicia            | 8,697                 | 4%          | 371,451                    | 3%          |
| Basque Country     | 8,635                 | 4%          | 384,473                    | 3%          |
| Rest of Spain      | 13,336                | 6%          | 666,519                    | 5%          |
| Portugal           | 17,805                | 8%          | 1,098,785                  | 9%          |
|                    | <b>219,775</b>        | <b>100%</b> | <b>12,313,171</b>          | <b>100%</b> |

(a) It also includes the amount of the implicit derivative described in Note 8.

At 31 December 2020

|                    | In thousands of euros |             |                         |             |
|--------------------|-----------------------|-------------|-------------------------|-------------|
|                    | Rental income         | %           | Investment property (a) | %           |
| Madrid             | 216,868               | 49%         | 6,518,339               | 53%         |
| Catalonia          | 75,036                | 17%         | 1,837,549               | 15%         |
| Andalusia          | 21,019                | 5%          | 441,517                 | 4%          |
| Valencia           | 16,936                | 4%          | 398,190                 | 3%          |
| Basque Country     | 15,843                | 4%          | 380,386                 | 3%          |
| Castilla-La Mancha | 17,007                | 4%          | 540,051                 | 4%          |
| Galicia            | 13,710                | 3%          | 373,993                 | 3%          |
| Rest of Spain      | 28,548                | 6%          | 672,634                 | 5%          |
| Portugal           | 36,094                | 8%          | 1,084,598               | 9%          |
|                    | <b>441,062</b>        | <b>100%</b> | <b>12,247,257</b>       | <b>100%</b> |

(a) It also includes the amount of the implicit derivative described in Note 8

**e) Main customers**

The table below lists the key tenants as of 30 June 2021, and the primary characteristics of each of them:

| Position | Name              | Type                           | % of total rental income | % Accumulated | Maturity  |
|----------|-------------------|--------------------------------|--------------------------|---------------|-----------|
| 1        | BBVA              | Net Leases                     | 15.9                     | 15.9          | 2029-2040 |
| 2        | Endesa            | Offices                        | 3.7                      | 19.5          | 2023-2030 |
| 3        | Inditex           | Logistics and shopping centers | 2.8                      | 22.3          | 2022-2024 |
| 4        | Técnicas Reunidas | Offices                        | 2.0                      | 24.3          | 2025      |
| 5        | Madrid            | Offices                        | 1.5                      | 25.9          | 2022-2030 |
| 6        | PwC               | Offices                        | 1.5                      | 27.4          | 2022      |
| 7        | BPI               | Offices                        | 1.4                      | 28.8          | 2031      |
| 8        | Indra             | Offices                        | 1.4                      | 30.2          | 2024      |
| 9        | Caprabo           | Net Leases                     | 1.3                      | 31.5          | 2026      |
| 10       | Hotusa            | Others (Hotel)                 | 1.3                      | 32.8          | 2023      |

**5. Other intangible assets and property, plant and equipment**

Changes in "Other intangible assets" and "Property, plant and equipment" in the first six months of 2021 were due mainly to the additions corresponding to technical facilities and office equipment and to the depreciation for the year, which amounted to EUR 767 thousand and is recognized under "Depreciation and amortization charge" in the accompanying condensed consolidated income statement.

**6. Investment property**

The changes recognized under this item in the six-month period ended 30 June 2021 were as follows:

|   | Thousands of Euros |
|---|--------------------|
| <b>Balances at 01 January 2020</b>      | <b>12,169,157</b>  |
| Additions for the year                  | 251,107            |
| Disposals                               | (196,449)          |
| Changes in value of investment property | (84,468)           |
| <b>Balances at 31 December 2020</b>     | <b>12,139,347</b>  |
| Additions for the year                  | 80,327             |
| Disposals                               | (78,720)           |
| Changes in value of investment property | 30,409             |
| <b>Balances at 30 June 2021</b>         | <b>12,171,363</b>  |

Investment property is recognized at fair value. Income recognized in the condensed consolidated income statement on measuring investment property at fair value total EUR 30,409 thousand.

Investment property mainly includes property assets in the office, net lease, shopping center and logistics segments.

The main additions made during the first six months of 2021 correspond to the improvement and adaptation works carried out in certain properties owned by the Group, noteworthy, among others, are the Porto Pi Shopping Center, in Palma de Mallorca and Saler Shopping Center, in Valencia, as well as the development of Monumental, Torre Glóries and Castellana 85 in the office segment and certain logistics warehouses in Cabanillas del Campo and Lisbon.

Disposals in the first half of 2021 correspond to the sale of three non-strategic logistics assets, located in Madrid, Guadalajara and Zaragoza, as well as an office building located in Madrid and a BBVA office.

As of 30 June 2021, the Group had pledged real estate assets totaling EUR 2,005,075 thousands to secure various loans and derivative financial instruments, the balances of which as of 30 June 2021 were EUR 761,568 thousand and EUR 88,515 thousands, respectively (see Note 10).

All properties included under "Investment property" were insured as of 30 June 2021.

As of 30 June 2021, the Group had firm purchase commitments for investment property amounting to EUR 17,000 thousand (EUR 41,069 thousand at 31 December 2020).

At 30 June 2021, the gross surface areas and occupancy rates of the assets by line of business were as follows:

|                           | Square meters (*)   |                |                |                |                |                |                    |                |                |                  | Occupancy rate (%) |
|---------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|--------------------|----------------|----------------|------------------|--------------------|
|                           | Gross leasable area |                |                |                |                |                |                    |                |                |                  |                    |
|                           | Madrid              | Catalonia      | Valencia       | Galicia        | Andalusia      | Basque Country | Castilla-La Mancha | Rest of Spain  | Portugal       | Total            |                    |
| Offices                   | 860,361             | 211,180        | -              | -              | 15,078         | -              | -                  | 4,488          | 121,036        | 1,212,143        | 89.1%              |
| Net Lease                 | 56,639              | 108,150        | 26,799         | 16,143         | 26,889         | 23,102         | 8,354              | 84,196         | -              | 350,272          | 100%               |
| Shopping centers          | 75,678              | 64,096         | 64,619         | 100,577        | 37,956         | 25,922         | -                  | 32,795         | 60,098         | 461,741          | 93.3%              |
| Logistics                 | 330,374             | 148,435        | 61,604         | -              | 138,777        | 99,491         | 518,694            | 42,343         | -              | 1,339,718        | 96.2%              |
| Other                     | 38,525              | 20,540         | -              | 5,898          | -              | 46             | -                  | -              | -              | 65,009           | 97.1%              |
| <b>Total surface area</b> | <b>1,361,577</b>    | <b>552,401</b> | <b>153,022</b> | <b>122,618</b> | <b>218,700</b> | <b>148,561</b> | <b>527,048</b>     | <b>163,822</b> | <b>181,134</b> | <b>3,428,883</b> |                    |
| <b>% weight</b>           | <b>39.7%</b>        | <b>16.1%</b>   | <b>4.4%</b>    | <b>3.6%</b>    | <b>6.4%</b>    | <b>4.3%</b>    | <b>15.4%</b>       | <b>4.8%</b>    | <b>5.3%</b>    | <b>100.0%</b>    |                    |

(\*) Does not include land area or projects under development

#### Fair value valuation and sensitivity

All investment property leased or to be leased through operating leases are classified as investment property.



The Group adjusted the fair value of its property investments in accordance with IAS 40. This fair value is determined using the reference of the valuations made by independent third parties every six months such that, at the close of each six-month period, the fair value reflects the market conditions of the elements comprising the investment properties at that date.

The market value of the Group's investment property as of 30 June 2021, calculated based on appraisals carried out by Savills Consultores Inmobiliarios, S.A., CBRE Valuation Advisory, S.A. and Jones Lang LaSalle, S.A. independent appraisers not related to the Group, amounted to EUR 12,243,085 thousand (EUR 12,180,759 in 2020). This appraisal includes the value of the implicit derivative in the rent from the lease to BBVA for a sum of EUR 141,808 thousand (EUR 107,910 in 2020), which is recorded under "other financial non-current assets" and does not include the sums related to advances that the Group paid to third parties to purchase assets other assets not valued for the amount of EUR 37,138 thousand ( EUR 34,450 thousand in 2020), or the usage rights recorded pursuant to IFRS 16 for sums of EUR 32,948 thousand (EUR 32,048 thousand in 2020), which are recorded under investment properties on the attached balance sheet. The valuation was carried out in accordance with the Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors (RICS) of the United Kingdom and the International Valuation Standards (IVS) issued by the International Valuation Standards Committee (IVSC).

The method used to calculate the market value of investment property, with the exception of the BBVA portfolio, involves drawing up ten-year projections of income and expenses for each asset, adjusted at the reporting date using a market discount rate. The residual amount at the end of Year 10 is calculated by applying an exit yield or cap rate to the net income projections for Year 11. The market values obtained are analyzed by calculating and assessing the capitalization of the returns implicit in these values. The projections are designed to reflect the best estimate of future income and expenses from the investment properties. Both the exit yield and discount rate are determined taking into account the local market and institutional market conditions.

The valuation method used by CBRE to value the BBVA portfolio analyses each property individually, without making any adjustments for inclusion in a large portfolio of properties. For each property, a capitalization rate has been assumed for the estimated market rent and subsequently adjusted on the basis of the following parameters:

- Term of the lease agreement and creditworthiness of the lessee.
- Location of the premises within the city (downtown, metropolitan area or suburbs).
- Immediate vicinity of the property.
- Level of upkeep of the property (outside and inside).
- Above and below-ground distribution of the floor area.
- Façade on one street or more than one (corner, three-sided).
- Lease situation with respect to current market rent.

In any event, the situation of the rental property market and the possible effects of the current health crisis dragging on could lead to material differences between the fair value of the Group's investment property and their effective realizable values. Breakdowns of value and the sensitivity scenarios are provided below.

### **Breakdown of fair value of investment property**

As of 30 June 2021, the breakdown of assets measured at fair value by their level in the fair value hierarchy is as follows:

At 30 June 2021

|  | Thousands of euros |         |         |                   |
|--|--------------------|---------|---------|-------------------|
|  | Total              | Level 1 | Level 2 | Level 3           |
| <b>Fair value valuation:</b>               |                    |         |         |                   |
| Investment property-                       |                    |         |         |                   |
| Offices                                    |                    |         |         |                   |
| Land                                       | 2,238,344          |         |         | 2,238,344         |
| Buildings                                  | 4,241,312          |         |         | 4,241,312         |
| Net Lease                                  |                    |         |         |                   |
| Land                                       | 378,995            |         |         | 378,995           |
| Buildings                                  | 1,343,475          |         |         | 1,343,475         |
| Shopping centers                           |                    |         |         |                   |
| Land                                       | 456,711            |         |         | 456,711           |
| Buildings                                  | 1,728,642          |         |         | 1,728,642         |
| Logistics                                  |                    |         |         |                   |
| Land                                       | 302,554            |         |         | 302,554           |
| Buildings                                  | 1,082,500          |         |         | 1,082,500         |
| Other                                      |                    |         |         |                   |
| Land                                       | 183,862            |         |         | 183,862           |
| Buildings                                  | 214,967            |         |         | 214,967           |
| <b>Total assets measured at fair value</b> | <b>12,171,363</b>  |         |         | <b>12,171,363</b> |

At 31 December 2020

|  | Thousands of euros |         |         |                   |
|--|--------------------|---------|---------|-------------------|
|  | Total              | Level 1 | Level 2 | Level 3           |
| <b>Fair value valuation</b>                |                    |         |         |                   |
| Investment property-                       |                    |         |         |                   |
| Offices                                    |                    |         |         |                   |
| Land                                       | 2,231,069          |         |         | 2,231,069         |
| Buildings                                  | 4,221,433          |         |         | 4,221,433         |
| Net Lease                                  |                    |         |         |                   |
| Land                                       | 382,218            |         |         | 382,218           |
| Buildings                                  | 1,355,694          |         |         | 1,355,694         |
| Shopping centers                           |                    |         |         |                   |
| Land                                       | 459,984            |         |         | 459,984           |
| Buildings                                  | 1,747,472          |         |         | 1,747,472         |
| Logistics                                  |                    |         |         |                   |
| Land                                       | 262,322            |         |         | 262,322           |
| Buildings                                  | 1,055,582          |         |         | 1,055,582         |
| Other                                      |                    |         |         |                   |
| Land                                       | 198,326            |         |         | 198,326           |
| Buildings                                  | 225,247            |         |         | 225,247           |
| <b>Total assets measured at fair value</b> | <b>12,139,347</b>  |         |         | <b>12,139,347</b> |

No assets were reclassified from one level to another during the period.

The main assumptions used to calculate the fair value of investment property were as follows:

At 30 June 2021

|                  | Exit yield        | Discount rate     |
|------------------|-------------------|-------------------|
| Offices          | 3.00% - 7.25%     | 4.75% - 10.50%    |
| Net lease        | 5.25% - 7.25% (*) | 6.75% - 9.00% (*) |
| Shopping centers | 3.50% - 8.00%     | 5.75% - 10.75%    |
| Logistics        | 4.25% - 9.00%     | 6.00% - 15.00%    |
| Other            | 4.00% - 7.50%     | 4.00% - 15.50%    |

(\*) This does not apply to BBVA because they are measured by direct capitalization of the rent

At 31 December 2020

|                  | Exit yield        | Discount rate     |
|------------------|-------------------|-------------------|
| Offices          | 3.00% - 7.25%     | 4.75% - 10.50%    |
| Net lease        | 5.00% - 7.00% (*) | 6.50% - 8.25% (*) |
| Shopping centers | 3.50% - 8.00%     | 6.00% - 10.75%    |
| Logistics        | 4.50% - 9.00%     | 6.50% - 15.00%    |
| Other            | 4.00% - 7.50%     | 4.00% - 15.50%    |

(\*) This does not apply to BBVA because they are measured by direct capitalization of the rent

With respect to rents, the amounts per square meter used in the valuation have ranged between 2.90 and 79.41 euros depending on the type of asset and location. The growth rates of the rents used in the projections are mainly based on the CPI, to which a differential may be applied.

The effect of one-quarter, half and one point change in the required rates of return, calculated as income, on the market value of the assets, on investment property in consolidated assets and in the consolidated income statement, would be as follows:

At 30 June 2021

|                            | Thousands of euros |             |             |                                |             |             |
|----------------------------|--------------------|-------------|-------------|--------------------------------|-------------|-------------|
|                            | Assets             |             |             | Consolidated profit before tax |             |             |
|                            | 0.25%              | 0.50%       | 1%          | 0.25%                          | 0.50%       | 1%          |
| Increase in rate of return | (580,385)          | (1,109,765) | (2,040,232) | (580,385)                      | (1,109,765) | (2,040,232) |
| Decrease in rate of return | 639,135            | 1,346,414   | 3,014,208   | 639,135                        | 1,346,414   | 3,014,208   |

At 31 December 2020

|                            | Thousands of euros |             |             |                                |             |             |
|----------------------------|--------------------|-------------|-------------|--------------------------------|-------------|-------------|
|                            | Assets             |             |             | Consolidated profit before tax |             |             |
|                            | 0.25%              | 0.50%       | 1%          | 0.25%                          | 0.50%       | 1%          |
| Increase in rate of return | (568,443)          | (1,087,623) | (2,001,762) | (568,443)                      | (1,087,623) | (2,001,762) |
| Decrease in rate of return | 625,069            | 1,315,668   | 2,939,504   | 625,069                        | 1,315,668   | 2,939,504   |

The effect of a 1%, 5% and 10% change in the rents considered has the following impact on investment property in consolidated assets and in the consolidated income statement:

At 30 June 2021

|                   | Thousands of euros |           |           |                                |           |           |
|-------------------|--------------------|-----------|-----------|--------------------------------|-----------|-----------|
|                   | Assets             |           |           | Consolidated profit before tax |           |           |
|                   | 1%                 | 5%        | 10%       | 1%                             | 5%        | 10%       |
| Increase in rents | 82,474             | 412,370   | 824,739   | 82,474                         | 412,370   | 824,739   |
| Decrease in rents | (82,474)           | (412,370) | (824,739) | (82,474)                       | (412,370) | (824,739) |

At 31 December 2020

|                   | Thousands of euros |           |           |                                |           |           |
|-------------------|--------------------|-----------|-----------|--------------------------------|-----------|-----------|
|                   | Assets             |           |           | Consolidated profit before tax |           |           |
|                   | 1%                 | 5%        | 10%       | 1%                             | 5%        | 10%       |
| Increase in rents | 80,798             | 403,992   | 807,984   | 80,798                         | 403,992   | 807,984   |
| Decrease in rents | (80,798)           | (403,992) | (807,984) | (80,798)                       | (403,992) | (807,984) |

The effect of the quarter-and-a-half point change in the considered Exit Yield, in the assumption based on return calculated as the result of dividing the net operating income of the last year of the period analyzed by the estimated exit yield, on investment property in the consolidated asset and in the consolidated income statement, would be as follows:

|                        | Thousands of euros |           |                                |           |
|------------------------|--------------------|-----------|--------------------------------|-----------|
|                        | 30-06-2021         |           |                                |           |
|                        | Assets             |           | Consolidated profit before tax |           |
|                        | 0.25%              | 0.50%     | 0.25%                          | 0.50%     |
| Increase in exit yield | (363,673)          | (694,428) | (363,673)                      | (694,428) |
| Decrease in exit yield | 401,761            | 847,926   | 401,761                        | 847,926   |

|                        | Thousands of euros |           |                                |           |
|------------------------|--------------------|-----------|--------------------------------|-----------|
|                        | 31-12-2020         |           |                                |           |
|                        | Assets             |           | Consolidated profit before tax |           |
|                        | 0.25%              | 0.50%     | 0.25%                          | 0.50%     |
| Increase in exit yield | (370,941)          | (708,138) | (370,941)                      | (708,138) |
| Decrease in exit yield | 410,016            | 865,626   | 410,016                        | 865,626   |

Accordingly, the impact on the consolidated income statement of the revaluations of the Group's property assets during the first six months of 2021, taking into consideration all items affected in the consolidated income statement, is as follows:

|  | Thousands of euros |               |
|--|--------------------|---------------|
|  | 30-06-2021         | 30-06-2020    |
| Changes in fair value of investment property | 30,409             | 31,962        |
| Changes in the fair value of derivatives     | 33,940             | (18,907)      |
| <b>Effect on the income statement</b>        | <b>64,349</b>      | <b>13,055</b> |

## **7. Investments accounted for using the equity method**

Changes in the first half of 2021 in investments accounted for using the equity method are as follows:

|                            | Thousands of euros |                |
|----------------------------|--------------------|----------------|
|                            | 30-06-2021         | 31-12-2020     |
| Beginning balance          | 434,127            | 346,973        |
| Additions                  | 2,924              | 92,140         |
| Disposals                  | (4,003)            | -              |
| Dividends                  | (1,788)            | (1,542)        |
| Profit/(Loss) for the year | 14,774             | (3,444)        |
| <b>Ending balance</b>      | <b>446,034</b>     | <b>434,127</b> |

Changes in the balance of "Investments accounted for using the equity method" are mainly due to the return of the issue premium by Silicius Real Estate, S.L. for an amount of EUR 4,003 thousand. On the other hand, Distrito Castellana Norte, S.A. carried out a capital increase, increasing the Group's stake by EUR 2,922 thousand. The other changes correspond mainly to the result obtained by the investees during the first six months of 2021.

The most significant stake was the 14.46% investment in Distrito Castellana Norte, S.A (DCN) with a consolidated net value of EUR 172,118 thousand. In relation to the main investments accounted for using the equity method (DCN), the Group believes the carrying amounts are reasonable because they do not differ significantly from the current values, in view of the long term perspective of the development of the investment in DCN.

Note I to the Group's consolidated financial statements for 2020 includes a list of the main investments in associates, including the name, country of incorporation, activity and percentage of the shareholding, and there have been no significant changes in the main items of the Group's associates.

## **8. Current and non-current financial assets**

The breakdown of the balance of this item in the condensed consolidated statement of financial position is as follows:

*Classification of financial assets by category*

|   | Thousands of euros |                |
|---|--------------------|----------------|
|   | 30-06-2021         | 31-12-2020     |
| <b>Non-current:</b>                         |                    |                |
| At fair value-                              |                    |                |
| Derivative embedded in BBVA lease agreement | 141,808            | 107,910        |
| Available-for-sale financial assets         | 17,793             | 103,775        |
| At amortized cost-                          |                    |                |
| Equity instruments                          | 6,467              | 2,595          |
| Loans to third parties                      | 101,839            | 108,704        |
| Loans to associates                         | 1,715              | 625            |
| Deposits and guarantees                     | 66,206             | 69,138         |
|   | <b>335,828</b>     | <b>392,747</b> |
| <b>Current:</b>                             |                    |                |
| At fair value-                              |                    |                |
| Available-for-sale financial assets         | 80,964             | -              |
| At amortized cost-                          |                    |                |
| Investments in associates                   | 2,878              | 2,093          |
| Loans to third parties                      | 72,461             | 71,767         |
| Other financial assets                      | 1,009              | 5,505          |
| Trade and other receivables                 | 38,699             | 33,368         |
|   | <b>196,011</b>     | <b>112,733</b> |

The carrying amount of financial assets recognized at amortized cost does not differ significantly from their fair value.

*Derivatives*

“Derivatives” includes the value of the implicit derivative corresponding to the inflation multiplier included in the lease agreement with BBVA to revise rents annually (see Note 10 of the financial statements for 2020). The positive change in this derivative during the six-month period ended 30 June 2021 was EUR 33,940 thousand, recognized under “Change in fair value of financial instruments” in the accompanying condensed consolidated income statement. The valuation approach used is described in Note 5.6 of the consolidated financial statements for 2020 and is applicable to level 2 of the fair value valuation hierarchy established in IFRS 7, as observable inputs but not quoted prices are reflected. The rest of the change, for a sum of EUR 42 thousand, corresponds to the sum the Group collected as part of the sale of the BBVA branch sold in the first half of 2021.

An analysis is provided below of the sensitivity of the variation in percentage points of the inflation curves and their effect of the affected assets and on the income statement:

*At 30 June 2021*

| Scenario | Thousands of euros |                                |
|----------|--------------------|--------------------------------|
|          | Assets             | Consolidated profit before tax |
| +50 bp   | 47,782             | 47,782                         |
| -50 bp   | (42,222)           | (42,222)                       |

At 31 December 2020

| Scenario | Thousands of euros |                                |
|----------|--------------------|--------------------------------|
|          | Assets             | Consolidated profit before tax |
| +50 bp   | 35,434             | 35,434                         |
| -50 bp   | (24,282)           | (24,282)                       |

#### *Available-for-sale financial assets*

“Available-for-sale financial assets” includes the Group's investments in companies excluded from the scope of consolidation because they are less than 20% and do not have significant influence.

As of 30 June 2021, a holding in Aedas Homes, S.A. is included in the amount of EUR 17,793 thousand, equivalent to 817,727 shares (1.7%) of its share capital. The positive change in the fair value of this investment (hierarchical level 1) in the first half of 2021, amounting to EUR 539 thousand, is recognized under “Changes in the fair value of financial instruments”. This company is listed on the Madrid Stock Exchange.

For this heading, the Group has recorded 14.28% in Silicius Real Estate, S.L. for an amount of EUR 80,964 thousand, which was acquired by the Parent Company through a contribution of assets during the 2020 financial year. In the first half of 2021, the Parent Company has sold 353,966 shares for an amount of EUR 5,418 thousand, which have not had a significant impact on results.

This company is not yet listed. In view of the absence of observable data, the Group has used the company's business plan as its best estimate of its fair value. At 30 June 2021, which according to its expiration has been classified as short term, it is very likely that the Parent Company will exercise its option to sell at the purchase price of the transaction, and Management's analysis did not indicate signs of impairment in the investment.

#### *Loans to third parties*

The “Other non-current financial assets” heading includes the loan provided to Desarrollos Urbanísticos Udra, S.A.U. for a sum of EUR 86,397 thousand, which accrues market rate interest. At 30 June 2021, the outstanding amount was EUR 87,820 thousand in principal and EUR 1,186 thousand in interest. In relation to the aforementioned loan, the Group has guarantees from the creditor associated with 10% of the shares in the company.

Likewise, this heading also includes tenant rent linearization and installation expenses amounting to EUR 12,002 thousand.

The “Other current financial assets” heading includes the loan provided to Juno Holdings 1, S.a.r.l. for EUR 70,000 thousand, which has a bullet repayment on maturity in November 2021. That loan accrues an annual interest rate of 2% due at maturity. At 30 June 2021, the outstanding amount was EUR 70,000 thousand in principal and EUR 2,225 thousand in interest.

#### *Classification of financial assets by maturity*

Classification of the main financial assets by maturity is as follows:

At 30 June 2021

|   | Thousands of euros |                   |                |                       |                |
|---|--------------------|-------------------|----------------|-----------------------|----------------|
|   | Less than 1 year   | From 1 to 5 years | Over 5 years   | Undetermined maturity | Total          |
| Derivative embedded in BBVA lease agreement | -                  | -                 | 141,808        | -                     | 141,808        |
| Available-for-sale financial assets         | -                  | 17,793            | -              | -                     | 17,793         |
| Equity instruments                          | -                  | -                 | -              | 6,467                 | 6,467          |
| Loans to third parties and associates       | 72,461             | 8,491             | 95,063         | -                     | 176,015        |
| Deposits and guarantees                     | -                  | -                 | -              | 66,206                | 66,206         |
| Investments in associates                   | 83,842             | -                 | -              | -                     | 83,842         |
| Other financial assets                      | 1,009              | -                 | -              | -                     | 1,009          |
| Trade and other receivables                 | 38,699             | -                 | -              | -                     | 38,699         |
| <b>Total financial assets</b>               | <b>196,011</b>     | <b>26,284</b>     | <b>236,871</b> | <b>72,673</b>         | <b>531,839</b> |

At 31 December 2020

|   | Thousands of euros |                   |                |                       |                |
|---|--------------------|-------------------|----------------|-----------------------|----------------|
|   | Less than 1 year   | From 1 to 5 years | Over 5 years   | Undetermined maturity | Total          |
| Derivative embedded in BBVA lease agreement | -                  | -                 | 107,910        | -                     | 107,910        |
| Available-for-sale financial assets         | -                  | 103,775           | -              | -                     | 103,775        |
| Equity instruments                          | -                  | -                 | -              | 2,595                 | 2,595          |
| Loans to third parties and associates       | 71,767             | 10,508            | 98,821         | -                     | 181,096        |
| Deposits and guarantees                     | -                  | -                 | -              | 69,138                | 69,138         |
| Investments in associates                   | 2,093              | -                 | -              | -                     | 2,093          |
| Other financial assets                      | 5,505              | -                 | -              | -                     | 5,505          |
| Trade and other receivables                 | 33,368             | -                 | -              | -                     | 33,368         |
| <b>Total financial assets</b>               | <b>112,733</b>     | <b>114,283</b>    | <b>206,731</b> | <b>71,733</b>         | <b>505,481</b> |

## **9. Equity**

### **9.1 Share capital**

During the first six months of 2021, there were no changes in the share capital of the Parent Company.

At 30 June 2021, the share capital of Merlin Properties SOCIMI, S.A., amounted to EUR 469,771 thousand, represented by 469,770,750 fully subscribed and paid shares of EUR 1 par value each, all of which are of the same class and confer on the holders thereof the same rights.

All the Parent Company's shares can be publicly traded and are listed on the Madrid, Barcelona, Bilbao and Valencia and Lisbon Stock Exchanges. The market price of the Parent Company's shares at 30 June 2021 and the average market price for the fourth quarter amounted to EUR 8.74 and EUR 9.15 per share, respectively.

At 30 June 2021, according to information extracted from the CNMV, in relation to the provisions of Royal Decree 1362/2007, of 19 October and Circular 2/2007, of 19 December, shareholders with significant holdings in the share capital of Merlin Properties SOCIMI, S.A., both direct and indirect, in excess of 3% of the share capital, are the following according to public information:



|                       | Shares     |            |             | % of share capital |
|-----------------------|------------|------------|-------------|--------------------|
|                       | Direct     | Indirect   | Total       |                    |
| Banco Santander, S.A. | 89,254,715 | 26,072,123 | 115,326,838 | 24.549             |
| Manuel Lao Hernandez  | -          | 29,459,324 | 29,459,324  | 6.271              |
| BlackRock, INC        | -          | 18,773,897 | 18,773,897  | 3.996              |

The information corresponding to Banco Santander refers to the close of the 2020 financial year, as it has been communicated to the Parent Company by that significant shareholder.

## 9.2 Share premium

The Consolidated Text of the Corporate Enterprises Act expressly permits the use of the share premium to increase capital and establishes no specific restrictions as to its use.

This reserve is unrestricted provided that its allocation does not lower equity to below the amount of share capital of the Parent Company.

On 27 April 2021, the General Shareholders' Meeting approved the application with a charge of EUR 25,467 thousand to the share premium to offset negative results from previous years.

On 27 April 2021, the Company's General Shareholders' Meeting approved the distribution of an interim dividend charged to profit for 2017 in the amount of EUR 140,066 thousand.

## 9.3. Reserves

The breakdown of reserves as of 30 June 2021 and 31 December 2020 is as follows:

|                                    | Thousands of euros |                  |
|------------------------------------|--------------------|------------------|
|                                    | 30-06-2021         | 31-12-2020       |
| Legal reserve                      | 65,133             | 65,133           |
| Reserves of consolidated companies | 2,467,203          | 2,385,540        |
| Other reserves                     | 30,334             | 59,202           |
| <b>Total other reserves</b>        | <b>2,562,670</b>   | <b>2,509,875</b> |

### To legal reserve

The legal reserve will be established in accordance with Article 274 of the Consolidated Text of the Corporate Enterprises Act, which stipulates, in all cases, that 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

This reserve cannot be distributed, and if it is used to offset losses, in the event no other reserves are available for this purpose, it must be restored with future profits.

At 30 June 2021, the Group had not yet reached the legally required minimum established in the Consolidated Text of the Corporate Enterprises Act.

The legal reserve of companies which have chosen to avail themselves of the special tax regime established in Law 11/2009, governing SOCIMIs, must not exceed 20% of share capital. The Bylaws of these companies may not establish any other type of restricted reserves.

### Reserves of consolidated companies

The detail of the reserves of consolidated companies is as follows:

|  | Thousands of euros |                  |
|--|--------------------|------------------|
|  | 30/06/2021         | 31/12/2020       |
| Merlin Properties SOCIMI, S.A.                     | 962,188            | 886,692          |
| Tree Inversiones Inmobiliarias, SOCIMI, S.A.       | 466,118            | 471,974          |
| Merlin Retail, S.L.U.                              | 102,764            | 127,179          |
| Merlin Oficinas, S.L.U.                            | 252,800            | 257,143          |
| Merlin Logística, S.L.U.                           | 372,182            | 300,892          |
| Varitelia Distribuciones, S.L.                     | 29,469             | 48,027           |
| Metroparque, S.A.                                  | 54,115             | 73,981           |
| La Vital Centro Comercial y de Ocio, S.L.          | 9,078              | 15,568           |
| Global Carihuela Patrimonio Comercial, S.A.        | (19,786)           | (234)            |
| Sadorma 2003, S.L.                                 | (5,245)            | (5,243)          |
| Parques Logísticos de la Zona Franca, S.A.         | 51,336             | 38,912           |
| Sevisur Logística, S.A.                            | 25,143             | 18,361           |
| Innovación Colaborativa, S.A.                      | (5,135)            | (4,114)          |
| Desarrollo Urbano de Patraix, S.A.                 | 210                | 232              |
| Global Murex Iberia, S.L.                          | (38)               | (30)             |
| Exhibitions Company, S.A.U.                        | (57)               | (17)             |
| Gescentesta, S.L.U.                                | 773                | 629              |
| Milos Asset Management, S.L.                       | (37)               | (1)              |
| Merlin Properties Monumental, S.A.                 | 42,181             | 42,334           |
| Merlin Properties Torre A, S.A.                    | 16,067             | 13,865           |
| Promosete Investimentos Imobiliarios, S.A.         | 17,914             | 14,841           |
| Praça do Marques Servicios Auxiliares, S.A.        | 20,592             | 19,980           |
| Forum Almada – Gestão Centro Comercial, Lda.       | 10,691             | 15,828           |
| Torre Dos Oceanus Investimentos Imobiliarios, S.A. | 14,907             | 12,627           |
| MPCVI – Compra e Venda Imobiliária, S.A.           | 15,305             | 13,796           |
| MPEP – Properties Escritórios Portugal, S.A.       | 8,172              | 6,338            |
| VFX Logística, S.A.                                | (959)              | (2,078)          |
| Torre Art, S.A.                                    | 15,112             | 11,492           |
| Torre Fernao Magalhanes, S.A.                      | 11,343             | 6,566            |
|  | <b>2,467,203</b>   | <b>2,385,540</b> |

### Dividends

On 27 April 2021, the General Shareholders' Meeting approved the distribution, with a charge to the share premium, of a dividend amounting to EUR 140,066 thousand, the payment having been made on 19 May 2021.

### 9.4 Treasury shares

At 30 June 2021, the Parent Company held treasury shares amounting to EUR 32,309 thousand.

The changes in the first six months of 2021 were as follows:

|                                | Number of<br>Shares | Thousands<br>of<br>Euros |
|--------------------------------|---------------------|--------------------------|
| Balance at 31 December 2019    | 5,077,369           | 56,860                   |
| Additions                      | 26,177              | 279                      |
| Disposals                      | (267,043)           | (2,990)                  |
| Balance at 31 December 2020    | 4,836,503           | 54,149                   |
| Additions                      | 287                 | 2                        |
| Disposals                      | (1,950,890)         | (21,842)                 |
| <b>Balance at 30 June 2021</b> | <b>2,885,900</b>    | <b>32,309</b>            |

On 27 April 2017, the shareholders authorized the Board of Directors to acquire shares of the Parent Company. The General Shareholders' Meeting held on 7 May 2018 revoked the authorization granted by the General Meeting of 26 April 2017 in the part not used and then authorized the acquisition of shares by the Parent Company or by a Group company, pursuant to Articles 146 and related provisions of the Corporate Enterprises Act, in accordance with the requirements and restrictions established in prevailing legislation during the five-year period. The authorization includes the acquisition of shares that, where applicable, must be handed over directly to employees or directors of the Parent Company or of Group companies as a result of the purchase option they hold or for the settlement and payment of share-based incentive plans of which they are beneficiaries.

Withdrawals of treasury shares for an amount of EUR 21,842 thousand (average cost of 11.20 euros per share) correspond to the first delivery of shares within the so-called 17-19 Incentive Plan (see Note 15) for an amount of EUR 20,986 thousand and the delivery to employees as part of the flexible remuneration plan amounting to EUR 849 thousand. There were also EUR 7 thousand in sales in the first half of 2021 (at an average cost of EUR 11.20 per share).

## 9.5 Earnings per share

A breakdown of the calculation of earnings per share is as follows:

### Basic

Basic earnings per share are calculated by dividing the net profit attributable to common equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

A breakdown of the calculation of basic earnings per share is as follows:

|  | 30-06-2021  | 30-06-2020  |
|--|-------------|-------------|
| Profit for the year attributable to holders of equity instruments net of the Parent Company (thousand euros) | 190,336     | 70,944      |
| Weighted average number of shares outstanding (thousands)  | 465,908     | 464,749     |
| Basic earnings per share (euros)   | <b>0.41</b> | <b>0.15</b> |

The average number of ordinary shares outstanding is calculated as follows:

|  | Number of Shares   |                    |
|--|--------------------|--------------------|
|  | 30-06-2021         | 30-06-2020         |
| Ordinary shares at beginning of period   | 469,770,750        | 469,770,750        |
| Treasury shares  | (2,885,900)        | (4,973,861)        |
| Average effect of outstanding shares   | (976,973)          | (47,993)           |
| <b>Weighted average number of ordinary shares outstanding as of 30 June (shares)</b> | <b>465,907,877</b> | <b>464,748,896</b> |

### *Diluted*

As indicated in Note 15, the Group has granted its executives a variable remuneration plan payable in shares provided that the shareholder return rate during the 3-year period ending in 2019 reaches a certain level. The amount of this variable remuneration amounts to a maximum of EUR 75 million, which will be paid with a variable number of shares, limited to a maximum of 6 million. At 31 December 2019 (the end of the valuation period) and considering the final share reference price (i.e., the average closing share price for the Parent Company in the 90 trading sessions before 31 December 2019) 5,874,111 shares were allocated.

Taking into account the characteristics of the plan (detailed in Note 20 to the 2020 consolidated financial statements) and the fulfilment of its conditions, at 30 June 2021 the plan would have a dilutive effect on earnings per share.

Diluted earnings per share are calculated by adjusting the profit attributable to equity holders of the Parent Company by the weighted average ordinary shares outstanding after adjusting for the dilutive effects of potential ordinary shares, i.e., as if all potentially dilutive ordinary shares had been converted.

The potential ordinary shares of the variable remuneration plan, as stated in paragraph 46 of IAS 33, have been determined as if the plan consisted of a contract to issue a certain number of ordinary shares at their average market price during the period, which will not have a dilutive effect, and a contract to issue the remaining ordinary shares free of charge.

A breakdown of the calculation of diluted earnings per share is as follows:

|  | 30-06-2021         |                     |                    |
|--|--------------------|---------------------|--------------------|
|  | Thousands of euros | Thousands of shares | Earnings per Share |
| Profit for the year attributable to equity holders of the Parent Company (thousands of euros)              | 190,336            |                     |                    |
| Weighted average number of shares outstanding (thousands)  | -                  | 465,908             | 0.41               |
| Weighted average number of potential ordinary shares to be delivered under the variable remuneration plan. | -                  | 3,865               |                    |
| Weighted average number of potential ordinary shares for which no provision has been made at market price  | -                  | (379)               |                    |
| <b>Basic earnings per share (euros)</b>  | <b>190,336</b>     | <b>469,394</b>      | <b>0.41</b>        |

### **9.6 Valuation adjustments**

This heading of the consolidated statement of financial position includes changes in the value of financial derivatives designated as cash flow hedges.

## 10. Current and non-current financial liabilities

Details of payables with credit entities and debentures issued are as follows:

|   | Thousands of euros |                  |
|---|--------------------|------------------|
|   | 30-06-2021         | 31-12-2020       |
| <b>Non-current:</b>                               |                    |                  |
| Measured at amortized cost-                       |                    |                  |
| Syndicated loan                                   | 850,000            | 850,000          |
| Syndicated loan arrangement costs                 | (9,419)            | (11,054)         |
| Total syndicated loan                             | 840,581            | 838,946          |
| Senior syndicated mortgage loan (Tree)            | 664,747            | 670,133          |
| Syndicated mortgage loan arrangement costs (Tree) | (50,707)           | (52,276)         |
| Total senior syndicated mortgage loan (Tree)      | 614,040            | 617,857          |
| Revolving credit facility                         | -                  | -                |
| Non-mortgage loan                                 | 29,000             | 29,000           |
| Mortgage loans                                    | 85,865             | 84,637           |
| Loan arrangement expenses                         | (5,096)            | (5,688)          |
| Total other loans                                 | 109,769            | 107,949          |
| Debentures and bonds                              | 4,042,786          | 4,091,086        |
| Debenture issue expenses                          | (27,451)           | (25,284)         |
| Total debentures and bonds                        | 4,015,335          | 4,065,802        |
| Total amortized cost                              | 5,579,725          | 5,630,554        |
| Measured at fair value-                           |                    |                  |
| Derivative financial instruments                  | 99,354             | 127,345          |
| Total at fair value                               | 99,354             | 127,345          |
| <b>Total non-current</b>                          | <b>5,679,079</b>   | <b>5,757,899</b> |
| <b>Current:</b>                                   |                    |                  |
| Measured at amortized cost-                       |                    |                  |
| Syndicated loans                                  | 616                | 644              |
| Senior syndicated mortgage loan (Tree)            | 9,824              | 9,016            |
| Debentures and bonds                              | 587,406            | 36,291           |
| Mortgage loans                                    | 1,804              | 1,795            |
| Non-mortgage loan                                 | 69                 | 125              |
| Revolving credit facility                         | 398                | 404              |
| Loan arrangement expenses                         | (1,073)            | -                |
| Total amortized cost                              | 599,044            | 48,275           |
| Measured at fair value-                           |                    |                  |
| Derivative financial instruments                  | 995                | 1,277            |
| Total at fair value                               | 995                | 1,277            |
| <b>Total current</b>                              | <b>600,039</b>     | <b>49,552</b>    |

There is no material difference between the carrying amount and the fair value of financial liabilities at amortized cost.

On 20 April 2016, the Parent Company was given a credit rating of “BBB” with stable outlook by Standard & Poor’s Rating Credit Market Services Europe Limited. On 2 May 2018, Standard & Poor’s updated this rating to “BBB” with a positive outlook, changing it to stable outlook due to the COVID-19 pandemic on 27 March 2020. On 4 June 2021, Standard & Poor’s confirmed this outlook.

Additionally, on 17 October 2016, Moody's gave the Parent Company a credit rating of investment grade "Baa2". On 27 May 2020, Moody's updated this rating to "Baa2" with a negative outlook due to the COVID-19 pandemic. On 23 June 2021, Moody's maintained the rating and outlook.

### 10.1 Loans and credits

The details of the bank borrowings matured as of 30 June 2021 and 31 December 2020 are as follows:

#### Bank borrowings

|  | Thousands of euros |                           |                  |               |                     |
|--|--------------------|---------------------------|------------------|---------------|---------------------|
|  | Limit              | Debt arrangement expenses | 30-06-2021       |               | Short-term interest |
|  |                    |                           | Long term        | Short term    |                     |
| Syndicated loan                        | 850,000            | (9,419)                   | 850,000          | -             | 616                 |
| Non-mortgage loan                      | 115,000            | (44)                      | 29,000           | -             | 69                  |
| Revolving credit facilities            | 700,000            | (2,682)                   | -                | -             | 398                 |
| Senior syndicated mortgage loan (Tree) | 716,894            | (50,707)                  | 664,747          | 9,219         | 605                 |
| Mortgage loans - other assets          | 91,000             | (2,370)                   | 85,865           | 1,737         | 67                  |
|  | <b>2,472,894</b>   | <b>(65,222)</b>           | <b>1,629,612</b> | <b>10,956</b> | <b>1,755</b>        |

|  | Thousands of euros |                           |                  |               |                     |
|--|--------------------|---------------------------|------------------|---------------|---------------------|
|  | Limit              | Debt arrangement expenses | 31-12-2020       |               | Short-term interest |
|  |                    |                           | Long term        | Short term    |                     |
| Syndicated loan                        | 850,000            | (11,054)                  | 850,000          | -             | 644                 |
| Non-mortgage loan                      | 115,000            | (47)                      | 29,000           | -             | 125                 |
| Revolving credit facilities            | 700,000            | (3,026)                   | -                | -             | 404                 |
| Senior syndicated mortgage loan (Tree) | 716,894            | (52,276)                  | 670,133          | 8,443         | 573                 |
| Mortgage loans - other assets          | 88,900             | (2,615)                   | 84,637           | 1,724         | 71                  |
|  | <b>2,470,794</b>   | <b>(69,018)</b>           | <b>1,633,770</b> | <b>10,167</b> | <b>1,817</b>        |

Certain financing arrangements include commitments to maintain specific coverage ratios, which are standard in these types of real estate companies, such as the loan-to-value ratio, the ratio of the company's income used to service the debt (interest coverage ratio, ICR), or the ratio of mortgage-free assets and non-mortgage debt. The Parent Company's directors have confirmed that these ratios were met at 30 June 2021 and do not expect that they will not be met in the coming years.

The main changes in the first half of 2021 are as follows:

#### Parent Company syndicated loan and revolving credit facility

On 25 April 2019, the Group arranged a senior syndicated loan amounting to EUR 1,550 million, including two tranches, a corporate loan of EUR 850 million and a corporate credit facility of EUR 700 million.

The initial maturity date for this facility was 2024, with the possibility of two optional one-year extensions for the tranche of the corporate credit line. The second one-year extension was approved on 30 June 2021, and the new maturity date is 9 May 2026.

### *TREE Mortgage loan*

The second one-year extension was approved on 15 March 2021, and the new final maturity date is 31 March 2033.

### *Mortgage loans - MERLIN Logistica*

On 26 March 2021, the mortgage financing contract was modified, increasing the amount of the loan by EUR 2,100 thousand to a total amount of EUR 70,000 thousand.

## **10.2 Debenture issues**

On 12 May 2017, the Parent Company subscribed a Euro Medium Term Notes (EMTN) issue program of up to EUR 4,000 million, which will replace the original bond issue program and its supplement subscribed on 25 April 2016 and 14 October 2016, respectively, for an overall maximum amount of EUR 2,000 million.

On 17 June 2020, the General Shareholders' Meeting approved the extension of this bond issuance program up to an amount of EUR 6,000 million, which was renewed on 25 March 2021.

On 30 June 2021, the Parent Company issued a 9-year cap of EUR 500 million at 99.196% of the par value and a coupon of 1.375%.

The breakdown at 30 June 2021 of the bonds issued by the Parent Company is as follows:

| Maturity       | Face value<br>(Thousands of<br>euros) | Coupon        | Listed price  | Return | Market      |
|----------------|---------------------------------------|---------------|---------------|--------|-------------|
| May 2022       | 548                                   | 2.375%        | MS + 35 p.b.  | -0.16% | Ireland (a) |
| April 2023     | 743                                   | 2.225%        | MS + 49 p.b.  | -0.05% | Luxembourg  |
| May 2025       | 600                                   | 1.750%        | MS + 58 p.b.  | 0.25%  | Luxembourg  |
| November 2026  | 800                                   | 1.875%        | MS + 79 p.b.  | 0.56%  | Luxembourg  |
| July 2027      | 500                                   | 2.375%        | MS + 95 p.b.  | 0.77%  | Luxembourg  |
| September 2029 | 300                                   | 2.375%        | MS + 122 p.b. | 1.19%  | Luxembourg  |
| June 2030      | 500                                   | 1.375%        | MS + 143 p.b. | 1.46%  | Luxembourg  |
| December 2034  | 600                                   | 1.875%        | MS + 167 p.b. | 1.96%  | Luxembourg  |
|                | <b>4,591</b>                          | <b>2.008%</b> |               |        |             |

- (a) Due to the business combination with Metrovacesa carried out in 2016, the Group recognized a bond issue launched by Metrovacesa for EUR 700 million. The terms and conditions of the bonds abide by UK laws and are traded on the Irish Stock Exchange. This issue also includes a series of compliance obligations and guarantees, which is common in these types of transactions. At the close of the first six-month period of 2021, the Group complied with the covenants set forth in this contract and the directors do not expect that they will not be fulfilled in the coming years.

The bond issue has the same guarantees and ratio compliance obligations as the syndicated loan and the revolving credit facilities, and as the non-mortgage loan from the European Investment Bank.

The Parent Company's directors have confirmed that these ratios were met at 30 June 2021 and do not expect that they will not be fulfilled in the coming years.

## **10.3 Derivatives**

The breakdown of the financial instruments as of 30 June 2021 is as follows:

|                           | Thousands of euros |                |
|---------------------------|--------------------|----------------|
|                           | 30-06-2021         | 31-12-2020     |
| <b>Non-current:</b>       |                    |                |
| Interest rate derivatives | 99,354             | 127,345        |
| <b>Total non-current</b>  | <b>99,354</b>      | <b>127,345</b> |
| <b>Current:</b>           |                    |                |
| Interest rate derivatives | 995                | 1,277          |
| <b>Total current</b>      | <b>995</b>         | <b>1,277</b>   |

To determine the fair value of the interest rate derivatives, the Group discounts the cash flows based on the implicit derivatives determined by the euro interest rate curve in accordance with market conditions on the valuation date.

These financial instruments are classified as Level 2 as per IFRS 7.

The breakdown of the derivative financial instruments (liability), without including short term interests, included in the consolidated statement of financial position as of 30 June 2021, and its hedged notional value, is as follows:

| Interest rate                           | Interest Contracted | Fair Value       | Thousands of euros                           |                  |                  |                |                  |
|---|---------------------|------------------|--|------------------|------------------|----------------|------------------|
|   |                     |                  | Outstanding notional amount at each year end |                  |                  |                |                  |
|   |                     |                  | 2021   | 2022             | 2023             | 2024           | Years Subsequent |
| Synd. Parent Company Comp. (start 2021) | 0.0154%             | (11,833)         | 850,000                                      | 850,000          | 850,000          | -              | -                |
| Tree Inversiones (ending 2024)          | 0.959%              | (31,627)         | 688,405                                      | 677,196          | 665,987          | -              | -                |
| Tree Inversiones (start 2024)           | 1.693%              | (54,870)         | -  | -                | -                | 662,514        | 646,510          |
| Other subsidiaries                      | 2.085% - 0.25%      | (2,020)          | 67,900                                       | 67,900           | 67,900           | 67,900         | 67,900           |
|   |                     | <b>(100,350)</b> | <b>1,606,305</b>                             | <b>1,595,096</b> | <b>1,583,887</b> | <b>730,414</b> | <b>714,410</b>   |

The Group has opted for hedge accounting by appropriately designating the Hedging Relationships in which these derivative instruments are hedging instruments for the financing used.

The impact on liabilities and profit before tax of a 50 basis point fluctuation in the estimated credit risk rate would be as follows:

| Scenario                         | Thousands of euros |          |                                |
|----------------------------------|--------------------|----------|--------------------------------|
|                                  | Liabilities        | Equity   | Consolidated profit before tax |
| 5% rise in credit risk rate      | (44,600)           | 27,592   | 17,008                         |
| 5% reduction in credit risk rate | 48,506             | (20,551) | (27,955)                       |

#### 10.4. Maturity of bank borrowings

The breakdown of bank borrowings, by maturity, as of 30 June 2021 is as follows:



|              | Thousands of euros              |                               |                |                  |
|--------------|---------------------------------|-------------------------------|----------------|------------------|
|              | Syndicated Debt/Credit facility | Tree Syndicated mortgage loan | Mortgage loans | Total            |
| 2S 2021      | -                               | 4,206                         | 865            | 5,071            |
| 2022         | -                               | 9,990                         | 1,750          | 11,740           |
| 2023         | -                               | 9,841                         | 1,777          | 11,618           |
| 2024         | 850,000                         | 9,694                         | 1,803          | 11,497           |
| 2025         | -                               | 17,426                        | 1,831          | 869,257          |
| Over 5 years | 29,000                          | 622,809                       | 79,576         | 731,385          |
|              | <b>879,000</b>                  | <b>673,966</b>                | <b>87,602</b>  | <b>1,640,568</b> |

### 10.5 Debt arrangement expenses

Changes in debt arrangement expenses during the first half of 2021 are as follows:

|                               | Thousands of euros |   |                                |   |               |
|-------------------------------|--------------------|---|--------------------------------|---|---------------|
|                               | 31-12-2020         | Allocation to Income Statement – Amortized cost | Impact income statement IFRS 9 | Capitalizations of arrangement expenses | 30-06-2021    |
| Non-mortgage finance          | 14,127             | (1,094)   | (888)                          | -                                       | 12,145        |
| Senior syndicated loan (Tree) | 52,276             | (742)   | (1,841)                        | 1,014                                   | 50,707        |
| Mortgage loans - other assets | 2,615              | (65)  | (180)                          | -                                       | 2,370         |
| Debentures and bonds          | 25,284             | (2,529)   | -                              | 5,770                                   | 28,524        |
|                               | <b>94,302</b>      | <b>(4,430)</b>                                  | <b>(2,909)</b>                 | <b>6,784</b>                            | <b>93,746</b> |

### 11. Other current and non-current liabilities

The breakdown of this heading at 30 June 2021 are as follows:

|  | Thousands of euros |               |                |               |
|--|--------------------|---------------|----------------|---------------|
|  | 30-06-2021         |               | 31-12-2020     |               |
|  | Non-current        | Current       | Non-current    | Current       |
| Provisions                                     | 7,331              | -             | 18,296         | -             |
| Guarantees and deposits received               | 92,869             | 1,074         | 89,326         | 714           |
| Borrowings from Group companies and associates | 4,950              | -             | 5,850          | -             |
| Deferred tax liabilities                       | 681,242            | -             | 684,454        | -             |
| Other payables                                 | 47,160             | 7,108         | 46,260         | 7,066         |
| Other current liabilities                      | -                  | 23,021        | -              | 8,342         |
|  | <b>833,552</b>     | <b>31,203</b> | <b>844,186</b> | <b>16,122</b> |

“Guarantees and deposits received” primarily comprise the amounts deposited by lessees to secure leases, which will be reimbursed at the end of the lease term.

The Parent Company and the majority of its subsidiaries adhere to the SOCIMI regime. Under this regime, gains from the sale of assets are taxed at 0%, provided that certain requirements are met (basically, the assets must have been held by the SOCIMI for at least three years). Any gains from the sale of assets acquired prior to joining the SOCIMI tax regime, and those belonging to companies which are not included in that regime, will be

apportioned on a straight- line basis (unless proven to be apportioned otherwise) over the period during which the SOCIMI owned them. Any gains generated prior to joining the SOCIMI tax regime will be taxed at the general rate, while a rate of 0% will be applied for the other years. In this regard, the Parent Company's directors estimated the tax rate applicable to the taxable gain on the assets acquired prior to their inclusion in the SOCIMI regime (calculated in accordance with the fair value of the assets obtained from expert appraisals at the date of the business combination and as of 30 June 2021), recognizing the related deferred tax liability.

The Parent Company's directors do not envisage disposing of any of the investment property acquired after the Parent Company and its subsidiaries adhered to the SOCIMI regime within a period of three years, and have therefore not recognized the deferred tax liability corresponding to the changes in fair value since the assets were acquired as the applicable tax rate is 0%.

## **12. Trade and other accounts payable**

The breakdown of this heading is as follows:

|  | Thousands of euros |                |
|--|--------------------|----------------|
|  | 30-06-2021         | 31-12-2020     |
| <b>Current:</b>  |                    |                |
| Providers  | 45,749             | 49,250         |
| Payables to suppliers - Group companies and associates | -                  | 544            |
| Other accounts payable                                 | 8,609              | 30,207         |
| Remuneration payable                                   | 16,560             | 17,476         |
| Other accounts payable to public authorities           | 5,473              | 12,497         |
| Advances from customers                                | 1,713              | 1,138          |
|  | <b>78,104</b>      | <b>111,112</b> |

The carrying amount of the trade payables is similar to their fair value.

## **13. Revenue and expenses**

### **a) Revenues**

Details of ordinary revenues are provided in Note 4 alongside the segment information.

### **b) Other operating expenses**

The breakdown of this item of the consolidated income statement is as follows:

|  | Thousands of euros |               |
|--|--------------------|---------------|
|  | 30-06-2021         | 30-06-2020    |
| Non-recoverable expenses of leased properties          | 21,269             | 21,466        |
| Overheads:   |                    |               |
| Professional services                                  | 4,769              | 3,696         |
| Travel expenses  | 233                | 230           |
| Insurance  | 223                | 166           |
| Other  | 1,166              | 1,993         |
| Costs associated with asset acquisitions and financing | 999                | 1,544         |
| Losses on, impairment of and change in provisions      | 2,400              | 1,041         |
| Other expenses   | 1,702              | 2,197         |
|  | <b>32,761</b>      | <b>32,333</b> |

**c) Personnel expenses and average headcount**

The breakdown of employee benefits expense is as follows:

|                                      | Thousands of euros |               |
|--------------------------------------|--------------------|---------------|
|                                      | 30-06-2021         | 30-06-2020    |
| Wages, salaries and similar expenses | 13,010             | 9,695         |
| Termination benefits                 | 152                | -             |
| Social security costs                | 1,461              | 1,250         |
| Other employee benefit costs         | 284                | 291           |
| Incentive Plan                       | 5,586              | 10,103        |
|                                      | <b>20,493</b>      | <b>21,339</b> |

The average number of employees at the various Group companies in the six-month period ended 30 June 2021 was 222 (221 during the same period in 2020).

**14. Related party transactions**

Related-party transactions are those carried out by the Parent Company or its subsidiaries with directors, with shareholders holding 10% or more of the voting rights or represented on the company's board of directors, or with any other persons who should be considered as related parties in accordance with International Accounting Standards, adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council, of 19 July 2002, on the application of international accounting standards.

The breakdown of any significant transactions at 30 June 2021, given their amount or importance, carried out between the Parent Company or its Group companies, and related parties, is as follows:

| Related party                        | Type of relationship     | Thousands of euros |              |                |                |
|--------------------------------------|--------------------------|--------------------|--------------|----------------|----------------|
|                                      |                          | Revenue            | Expense      | Assets         | Liabilities    |
| Banco Santander, S.A.                | Financing                | -                  | 2,339        | -              | 199,612        |
| Banco Santander, S.A.                | Cash                     | -                  | -            | 106,444        | -              |
| Banco Santander, S.A.                | Notional derivatives (*) | -                  | -            | -              | 306,065 (*)    |
| Banco Santander, S.A.                | Lease                    | 299                | -            | -              | 63             |
| Banco Santander, S.A.                | Services                 | -                  | 92           | -              | -              |
| Paseo Comercial Carlos III           | Financing                | 6                  | -            | 1,502          | -              |
| Provitae Centros Asistenciales, S.L. | Financing                | -                  | -            | 1,081          | -              |
| Silicius Real Estate SOCIMI, S.A.    | Financing                | -                  | -            | 80,964         | 6,750          |
| G36 Developments, S.L.               | Financing                | 2                  | -            | 213            | -              |
| <b>Total</b>                         |                          | <b>307</b>         | <b>2,431</b> | <b>190,204</b> | <b>512,490</b> |

(\*) This amount does not represent the recognition of a liability as of 30.06.2021.

**Transactions with significant shareholders**

During the first six months of 2021, only the shareholder Banco Santander, S.A. held the status of significant shareholder pursuant to current regulations.

**a) Financing transactions**

As of 30 June 2021, the Group has been granted loans from its shareholder Banco Santander, S.A. amounting to EUR 199,612 thousand. The notional amount of the current derivatives contracted totals EUR 306,065 thousand. These positions correspond to Banco de Santander, S.A.'s stake in the loans included among MERLIN Group's financing operations, the details of which can be found in Note 10.

The Group has bank balances deposited with Banco Santander, S.A. amounting to EUR 106,444 thousand (including EUR 3 thousand in the accounts in the name of the associate Paseo Comercial Carlos III, S. A. and EUR 40 thousand in accounts linked to the associate Edged Spain S.L.U.).

During the first half of 2021, the finance costs incurred in transactions with Banco Santander, S.A. amounted to EUR 2,339 thousand, which included EUR 31 thousand in guarantee fees and EUR 43 thousand in current account management costs.

The Group has been granted guarantees by Banco Santander, S.A. amounting to EUR 6,959 thousand (EUR 5,443 thousand granted to MERLIN Properties SOCIMI, S.A. and EUR 1,516 thousand granted to the associate Paseo Comercial Carlos III, S.A.).

**b) Transactions involving provision of services**

During the first half of 2021, the Group continued to lease four properties to Banco Santander S.A. The duration of the lease contracts covers a period of between one and four years, and during the first half of 2021 they generated income of EUR 299 thousand, including income from leasing, as well as parking spaces and transfers of cash machine space in shopping centers. The guarantees deposited to secure these agreements amounted to EUR 63 thousand.

In addition, the Group has contracted organizational services for the General Shareholders' Meeting and shareholder registration services amounting to EUR 60 thousand, in addition to listing agent services on the Euronext Lisbon stock exchange for EUR 31 thousand.

**Transactions with companies accounted for using the equity method**

**a) G36 Development, S.L.**

As of 30 June 2021 the Parent Company has a loan outstanding amounting to EUR 212 thousand, granted on 1 October 2018 to the associate G36 Developments, S.L., which holds an asset that will be used for the management of flexible office spaces.

**b) Paseo Comercial Carlos III, S.A.**

As of 30 June 2021, the Parent Company maintains a current loan of EUR 1,502 thousand, granted on 27 July 2020 to the associate Paseo Comercial Carlos III, S.A., operator of a shopping center in Madrid.

**c) Provitae Centros Asistenciales, S.L.**

As of 30 June 2021, the Parent Company maintains a current loan of EUR 1,081 thousand, granted on 10 January 2002 to the associate Provitae Centros Asistenciales, S.L., land use holder in Villajoyosa, Alicante.

**e) Silicius Real Estate SOCIMI, S.A.**

As of 30 June 2021, the Parent Company maintains a "financial asset available for sale" for an amount of EUR 80,964 thousand corresponding to the value of the shares associated with the liquidity mechanism maturing on February 2022, agreed in the non-monetary contribution that the Parent Company carried out on 27 February 2020.

Likewise, the Parent Company has pending disbursement obligations amounting to EUR 6,750 thousand, recorded as current and non-current "other financial liabilities".

**Dividends and other profits distributed to related parties (thousands of euros)**

|                                 | <b>30.06.2021</b> | <b>30.06.2020</b> |
|---------------------------------|-------------------|-------------------|
| <b>Significant shareholders</b> | <b>34,605</b>     | <b>16,999</b>     |
| Banco Santander, S. A.          | 34,605            | 16,999            |
| <b>Directors and Executives</b> | <b>1,185</b>      | <b>696</b>        |
| Directors                       | 1,033             | 439               |
| Executives                      | 152               | 256               |
| <b>Total</b>                    | <b>35,790</b>     | <b>17,695</b>     |

**15. Information on Directors**

The Parent Company's directors and the parties related thereto did not have any conflicts of interest that were subject to disclosure in accordance with Article 229 of the revised text of the Corporate Enterprises Act.

***Directors' compensation and other benefits***

As of 30 June 2021, the amount of salaries, per diem attendance fees and compensation of any kind earned by members of the Parent Company's governing bodies totaled EUR 1,750 thousand (EUR 1,617 thousand as of 30 June 2020), respectively, as detailed below:

|                                 | Thousands of euros |              |
|---------------------------------|--------------------|--------------|
|                                 | 30-06-2021         | 30-06-2020   |
| Fixed and variable remuneration | 1,750              | 1,612        |
| Directors' fees                 | -                  | -            |
| Termination benefits            | -                  | -            |
| Per diems                       | -                  | -            |
| Life and health insurance       | 7                  | 5            |
|                                 | <b>1,757</b>       | <b>1,617</b> |

In addition to the sums above, the Executive Directors were paid a total of EUR 3,028 thousand as deferred amounts for the variable remuneration for 2015 and 2018, in accordance with the conditions of those plans. As of 30 June 2021, there are amounts accrued pending payment, associated with the variable remuneration for the years 2016 and 2019 in the amount of EUR 3,250 thousand recorded under the heading "Trade and other payables" of the attached balance sheet.

Also, as indicated in Note 20 of the 2020 consolidated annual financial statements, as members of the management team, the Executive Directors are entitled to payment of a remuneration plan for the 2017-2019 period (2017-2019 Incentive Plan), which is described in the aforementioned Note. In accordance with the provisions of that plan, during the first half of the 2021 financial year, the Executive Directors have received 538,460 shares corresponding to the first 50% of the amount of the incentive tied to the EPRA NAV.

The Ordinary General Shareholders' Meeting of 17 June 2020 approved the appointment of Maria Ana Forner Beltran and Ignacio Gil Casares Satrustegui as proprietary directors. The Board of Directors thus consisted of 14 members on 31 December 2020. On 20 January 2021, Director John Gómez Hall resigned.

The breakdown, by board member, of the amounts disclosed above paid for salary and bonuses, is as follows:

| Director                              | Type                            | Thousands of euros |              |
|---------------------------------------|---------------------------------|--------------------|--------------|
|                                       |                                 | 30-06-2021         | 30-06-2020   |
| <b>Remuneration of Board Members:</b> |                                 |                    |              |
| Javier García-Carranza Benjumea       | Chairman - Proprietary director | -                  | -            |
| Ismael Clemente Orrego                | CEO                             | 500                | 500          |
| Miguel Ollero Barrera                 | Executive director              | 500                | 500          |
| Maria Luisa Jordá Castro              | Independent director            | 87                 | 62           |
| Ana García Fau                        | Independent director            | 83                 | 62           |
| Fernando Ortiz Vaamonde               | Independent director            | 67                 | 58           |
| John Gómez Hall                       | Independent director            | 6                  | 50           |
| George Donald Johnston                | Independent director            | 67                 | 57           |
| Juan María Aguirre Gonzalo            | Independent director            | 87                 | 64           |
| Pilar Cavero Mestre                   | Independent director            | 77                 | 57           |
| Francisca Ortega Hernández-Agero      | Proprietary director            | 42                 | -            |
| Emilio Novela Berlín                  | Independent director            | 82                 | 53           |
| María Ana Forner Beltrán              | Proprietary director            | 80                 | -            |
| Ignacio Gil Casares Satrustegui       | Proprietary director            | 72                 | -            |
|                                       |                                 | <b>1,750</b>       | <b>1,463</b> |

The Company has granted no advances, loans or guarantees to any of its directors.

The Parent Company's directors are covered by the "Corporate Third-Party Liability Insurance Policies for Directors and Executives" taken out by the Parent Company in order to cover possible damages that may be claimed, and that arise as a result of a management error committed by its directors or executives, as well as those of its subsidiaries, in discharging their duties. The premium amounted to an annual total of EUR 493 thousand (EUR 221 thousand in 2020).

With regard to guarantee or bailout clauses, for cases of dismissal or changes of control in favor of Executive Directors, there are established bailout clauses that, as of 30 June 2021, represent a commitment in economic terms at EUR 4,000 and 2,000 thousand, respectively.

#### **Remuneration and other benefits for Senior Management**

The remuneration of the Parent Company's Senior Management, including the Head of Internal Audit, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above), in the first six months ended 30 June 2021, is summarized as follows:

| Thousands of euros |                                 |                    |       |                  |                                 |                    |       |
|--------------------|---------------------------------|--------------------|-------|------------------|---------------------------------|--------------------|-------|
| 30-06-2021         |                                 |                    |       | 30-06-2020       |                                 |                    |       |
| Number of People   | Fixed and variable remuneration | Other remuneration | Total | Number of People | Fixed and variable remuneration | Other remuneration | Total |
| 2                  | 170                             | 5                  | 175   | 6                | 1,051                           | 14                 | 1,065 |

In addition to the above amounts and in relation to the variable remuneration paid to Senior Management, an amount of EUR 874 thousand has been paid corresponding to the variable remuneration for 2020, and the deferred variable remuneration for 2015 and 2018.

Likewise, in accordance with the provisions of the 2017-2019 Incentive Plan, described in this Note, during the first half of 2021, Senior Management has received 73,554 shares corresponding to the first 50% of the amount of the incentive tied to the EPRA NAV.

The main characteristics of the current incentive's plans are described below:

### **2017-2019 incentives plan**

As indicated in Note 20 of the 2020 consolidated annual financial statements, at the General Shareholders' Meeting held on 26 April 2017, the shareholders approved a new remuneration plan for the management team and other important members of the Group's workforce, the valuation period of which is from 1 January 2017 to 31 December 2019 ("2017-2019 Incentive Plan"). According to the plan, the members of the management team may be entitled to receive: (i) a set monetary amount in accordance with the increase of the share price and (ii) Parent Company shares, if certain objectives are met.

Vesting of the incentive will independently be conditional upon the total rate of return obtained by the shareholder during the three-year period due to:

- the increase in the Parent Company's share price plus the dividends distributed to shareholders during the valuation period;
- the increase in the EPRA NAV per share of the Parent Company plus the dividends distributed to shareholders during the valuation period;

Vesting of the right to the share-based incentive and to the EPRA NAV-based incentive will be subject to the total shareholder rate of return (TSR) being at least 24%.

| TSR<br>NAV/TSR<br>share price | Percentage<br>allocated to<br>beneficiaries<br>("PR") | Percentage<br>allocated to<br>shareholders |
|-------------------------------|---|--|
| < 24%                         | 0%  | 100%                                       |
| ≥ 24% and <<br>36%            | 6%  | 94%  |
| ≥ 36%                         | 9%  | 91%  |

To calculate the TSR, (i) the percentage allocated to the Beneficiaries in accordance with the above table will be applied to the result of multiplying the Share Price TSR or the NAV TSR multiplied by the number of Company Shares as of 31 December 2019; (ii) the result thereof will be balanced through an adjustment mechanism in favor of the Beneficiaries, as, once a minimum return is reached, the Beneficiaries will be entitled to the allocated percentage of the total return generated from the start.

The date for calculating the amount of the incentive tied to the NAV per share and the amount of the incentive tied to the share price of the shares was 31 December 2019. The maximum amount to be received for the incentive tied to the share price from 2017 to 2019 amounted to EUR 37.5 million, which was paid out in March 2020.

Also, the maximum amount of the incentive tied to EPRA NAV per share will be EUR 75 million and a maximum of 6,000,000 shares have been allocated for its payment. At 31 December 2019, there were 5,874,111 shares that were ultimately allocated to the incentive tied to the EPRA NAV. Lastly, if the value of the maximum number of shares allocated to the plan were below the aforementioned incentive tied to the EPRA NAV, the difference would be paid in cash. During the last quarter of 2020 and the first half of 2021, 2,009,066 shares have been paid, which includes 50% of those allocated, as well as certain early settlements of the remaining 50%. The remainder of the allocated shares will be paid out on the third settlement date, i.e., on the second business day after the 2021 annual financial statements are prepared. However, these amounts may be modified based on how the EPRA NAV evolves during 2021.

In this regard, as of 30 June 2021, the Company recognized an expense in the amount of EUR 5,129 thousand, corresponding to the vested portion of the 2017-2019 Incentive Plan, with a balancing entry in reserves.

### ***Extraordinary incentive***

On 27 April 2021, the Ordinary General Shareholders' Meeting of the Parent Company approved the implementation of an exceptional variable remuneration scheme payable in cash for 2021 (the "Extraordinary Incentive") aimed at members of the Parent Company's executive and management teams.

The right to receive the "Extraordinary Incentive" will be vested if, after the period between 1 January 2021 and 31 December 2021, the level of compliance with targets to which receiving the "Extraordinary Incentive" is linked is met.

In this regard, as of 30 June 2021, the Group has recorded an expense of EUR 457 thousand corresponding to the vested portion of the Extraordinary Incentive, with a balancing entry in Trade and other payables.

### **16. Subsequent events**

On 22 July, the investee company Distrito Castellana Norte, S.A. Signed a framework agreement with ADIF, the City Council and the Community of Madrid, that allows the execution of the infrastructures in the so-called Madrid Nuevo Norte. This urban milestone meets the last condition precedent for the acquisition of land, which is expected to take place before the end of 2021.

### **17. Explanation added for translation to English**

These interim condensed consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2.1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.





# 6 M 21 results report

For the period ended on June 30, 2021





**MERLIN Properties,**  
the leading Socimi  
in the Spanish  
real estate market



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# 01

## Executive Summary



## CONSOLIDATED PERFORMANCE

(2.2%)

Gross rents like-for-like YoY

(3.8%)

FFO per share YoY

+0.6%

NTA per share YTD

- **Covid-19 rent reliefs** to tenants amount to **€ 19.6m** in the period, recorded as a one-off expense (not straight lined)
- **FFO per share** of **€ 0.27**, 3.8% decline compared to 6M20. We **reconfirm the guidance for 2021 (€ 0.56 per share)**
- Flat valuation (+0.5% LfL vs FY20). Offices and net leases resilient. Logistics up. Shopping centers and hotels down. **NTA per share** stands at **€ 15.55 (+0.6% vs FY20) after paying a € 0.30 dividend** during the semester

| (€ million)                                | 6M21  | 6M20  | YoY     |
|--|-------|-------|---------|
| Total revenues                             | 252.7 | 259.4 | (2.6%)  |
| Gross rents                                | 248.5 | 256.6 | (3.2%)  |
| Gross rents after incentives               | 219.8 | 221.2 | (0.6%)  |
| Net rents after propex & collection losses | 196.1 | 198.7 | (1.3%)  |
| Gross-to-net margin <sup>(1)</sup>         | 89.2% | 89.8% |         |
| EBITDA <sup>(2)</sup>                      | 179.2 | 184.1 | (2.7%)  |
| Margin                                     | 72.1% | 71.8% |         |
| FFO <sup>(3)</sup>                         | 129.2 | 134.3 | (3.8%)  |
| Margin                                     | 52.0% | 52.3% |         |
| AFFO                                       | 124.4 | 125.4 | (0.8%)  |
| Net earnings                               | 190.3 | 70.9  | +168.3% |
| (€ per share)                              | 6M21  | 6M20  | YoY     |
| FFO  | 0.27  | 0.29  | (3.8%)  |
| AFFO                                       | 0.26  | 0.27  | (0.8%)  |
| EPS  | 0.41  | 0.15  | +168.3% |
| EPRA NTA                                   | 15.55 | 15.46 | +0.5%   |

## BUSINESS PERFORMANCE

(2.9%)

Offices

+1.0%

Logistics

(2.0%)

S. Centers

Rents like-for-like YoY

+6.8%

Offices

+3.3%

Logistics

+5.9%

S. Centers

Release spread

+56 bps

Occupancy vs 31/03/2021

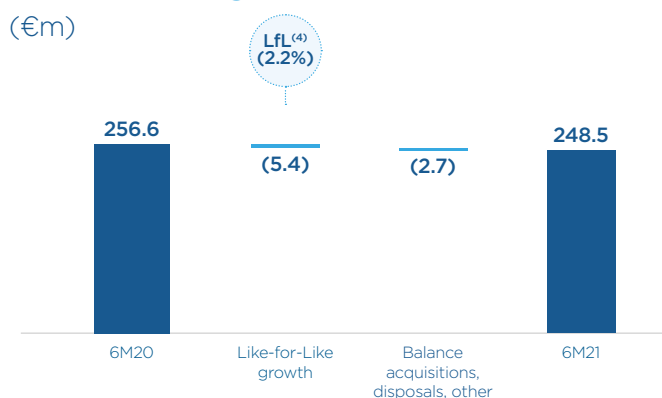
93.7%

- **Offices:** 173,457 sqm contracted. LfL of **(2.9%)** and **release spread** of **+6.8%**
- **Logistics:** 191,072 sqm contracted. LfL of **+1.0%** and **release spread** of **+3.3%**
- **Shopping centers:** 16,271 sqm contracted. LfL of **(2.0%)** and **release spread** of **+5.9%**

| 6M21             | Contracted<br>sqm | Rent         |               | Leasing activity | Occ. vs 31/03/21 |
|------------------|-------------------|--------------|---------------|------------------|------------------|
|                  |                   | € m          | Lfl change    | Release spread   | Bps              |
| Offices          | 173,457           | 111.5        | (2.9%)        | +6.8%            | (20)             |
| Logistics        | 191,072           | 32.2         | +1.0%         | +3.3%            | +151             |
| Shopping centers | 16,271            | 57.2         | (2.0%)        | +5.9%            | +42              |
| Net leases       | n.a.              | 43.0         | (0.1%)        | n.m.             | 0                |
| Other            | n.a.              | 4.5          | n.m.          | n.m.             | 0                |
| <b>Total</b>     | <b>380,800</b>    | <b>248.5</b> | <b>(2.2%)</b> |                  | <b>+56</b>       |

### Gross rents bridge

(€m)



<sup>(1)</sup> Net of incentives

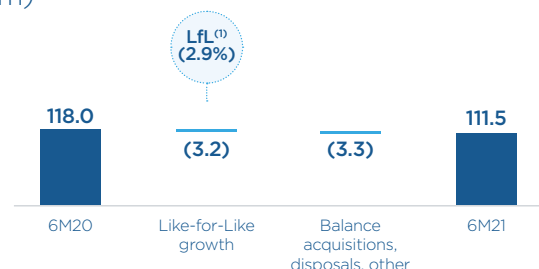
<sup>(2)</sup> Excludes non-overhead costs items (€ 1.7m) plus LTIP accrual (€ 5.6m)

<sup>(3)</sup> FFO equals EBITDA less net interest payments, less minorities, less recurring income taxes plus share in earnings of equity method

<sup>(4)</sup> Portfolio in operation for the 6M20 (€ 244.7m of GRI) and for the 6M21 (€ 239.3m of GRI)

## OFFICES

### Gross rents bridge (€m)



### Rents breakdown

|              | Gross rents<br>6M21 (€ m) | Passing rent<br>(€/sqm/m) | WAULT<br>(yr) |
|--------------|---------------------------|---------------------------|---------------|
| Madrid       | 79.2                      | 18.2                      | 3.2           |
| Barcelona    | 18.9                      | 18.3                      | 2.6           |
| Lisbon       | 11.8                      | 19.8                      | 5.3           |
| Other        | 1.5                       | 10.9                      | 5.0           |
| <b>Total</b> | <b>111.5</b>              | <b>18.2</b>               | <b>3.4</b>    |

### Leasing activity

- **LfL rental decrease in the period (-2.9%)** as the positive release spread does not offset the increased vacancy and negative indexation in Q1
- **6M21 leasing activity highlights:**
  - 43,515 sqm renewal with Técnicas Reunidas in Adequa, Madrid
  - 22,451 sqm new lease with BPI in Monumental, Lisbon
  - 12,789 sqm new lease with Accenture and Elecnor in Castellana 85, Madrid
  - 8,595 sqm new lease with Inetum in PE Sanchinarro, Madrid

| sqm          | Contracted     | Out             | In            | Renewals <sup>(2)</sup> | Net        | LTM            |             |
|--------------|----------------|-----------------|---------------|-------------------------|------------|----------------|-------------|
|              |                |                 |               |                         |            | Release spread | # Contracts |
| Madrid       | 117,576        | (57,870)        | 34,982        | 82,594                  | (22,888)   | +4.3%          | 110         |
| Barcelona    | 23,014         | (10,151)        | 9,150         | 13,864                  | (1,001)    | +14.7%         | 36          |
| Lisbon       | 32,867         | (7,183)         | 31,885        | 982                     | 24,702     | +24.6%         | 14          |
| <b>Total</b> | <b>173,457</b> | <b>(75,204)</b> | <b>76,017</b> | <b>97,440</b>           | <b>813</b> | <b>+6.8%</b>   | <b>160</b>  |

### Occupancy

- The occupancy is already stabilizing
- We expect the market to recover during 2H21 and reconfirm our guidance for FY21 occupancy
- Monumental and Castellana 85 have been added back to the stock upon delivery (both fully occupied)
- By markets, **best performer this quarter has been Barcelona Prime**

|                        |               |
|------------------------|---------------|
| <b>Stock</b>           | 1,212,143 sqm |
| <b>WIP</b>             | 109,117 sqm   |
| <b>Stock incl. WIP</b> | 1,321,260 sqm |

|              | Occupancy rate <sup>(3)</sup> |              |             |
|--------------|-------------------------------|--------------|-------------|
|              | 6M21                          | 3M21         | Change bps  |
| Madrid       | 86.8%                         | 87.0%        | (25)        |
| Barcelona    | 91.6%                         | 93.1%        | (143)       |
| Lisbon       | 99.5%                         | 99.3%        | +14         |
| Other        | 100.0%                        | 100.0%       | -           |
| <b>Total</b> | <b>89.1%</b>                  | <b>89.3%</b> | <b>(20)</b> |

<sup>(1)</sup> Office portfolio in operation for 6M20 (€ 109.7m of GRI) and for 6M21 (€ 106.5m of GRI)

<sup>(2)</sup> Excluding roll-overs




<sup>(3)</sup> MERLIN policy excludes buildings under complete refurbishment. Buildings excluded this period are Plaza Ruiz Picasso, Arturo Soria 343, Plaza Cataluña 9, Pere IV, Avenida de Burgos 208, Atica 1, PE Cerro Gamos 5 and Adequa 2



## OFFICES (CONT.)

### INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

#### LANDMARK I

| WIP   |                           | GLA (sqm)             | Scope       | Budget  | Delivery         | YoC   |
|---|---------------------------|-----------------------|-------------|---------|------------------|-------|
|  LET 100%      | <b>Castellana 85</b>      | 16,474                | Full refurb | € 34.8m | <b>Delivered</b> | 8.1%  |
|  LET 100%     | <b>Monumental</b>         | 25,358                | Full refurb | € 34.8m | <b>Delivered</b> | 9.4%  |
|  PRE-LET 28% | <b>Plaza Ruiz Picasso</b> | 36,899 <sup>(1)</sup> | Full refurb | € 57.5m | 3Q23             | 10.4% |

<sup>(1)</sup> Post refurbishment

# LOGISTICS

## Gross rents bridge

(€m)



## Rents breakdown

|              | Gross rents<br>6M21 (€ m) | Passing rent<br>(€/sqm/m) | WAULT<br>(yr) |
|--------------|---------------------------|---------------------------|---------------|
| Madrid       | 20.0                      | 4.0                       | 3.9           |
| Barcelona    | 5.5                       | 6.1                       | 2.5           |
| Other        | 6.7                       | 3.7                       | 2.6           |
| <b>Total</b> | <b>32.2</b>               | <b>4.2</b>                | <b>3.4</b>    |

## Leasing activity

- **Logistics continues delivering a good performance, both organic (rental LfL +1.0% despite occupancy dip in Q1) and inorganic** through Best II & III deliveries
- **+3.3% release spread**
- **6M21 leasing activity highlights:**
  - 20,723 sqm new lease with Truck and Wheel in A2-Cabanillas Park I F
  - 18,947 sqm new lease with Olicargo and Rangel in Lisbon Park
  - 5,050 sqm new lease with Grupo Mox in A2-San Fernando II
  - 2,549 sqm renewal with Zimmer Biomet in Barcelona-PLZF

| sqm          | Contracted     | Out             | In             | Renewals     | Net            | LTM            |             |
|--------------|----------------|-----------------|----------------|--------------|----------------|----------------|-------------|
|              |                |                 |                |              |                | Release spread | # Contracts |
| Madrid       | 151,238        | (22,817)        | 151,238        | -            | 128,421        | +0.3%          | 4           |
| Barcelona    | 8,900          | (8,802)         | 6,351          | 2,549        | (2,451)        | +9.0%          | 2           |
| Other        | 30,934         | (26,292)        | 26,614         | 4,320        | 322            | +22.7%         | 5           |
| <b>Total</b> | <b>191,072</b> | <b>(57,911)</b> | <b>184,203</b> | <b>6,869</b> | <b>126,292</b> | <b>+3.3%</b>   | <b>11</b>   |

## Occupancy

- **Substantial occupancy increase (+151 bps vs 3M21)** after reletting on a long term basis spaces let in 2020 on a temporary basis
- All **Best II & III delivered assets are 100% let. Two pre-lets** have been signed during the quarter with **DSV and Logista totalling >90k sqm in Cabanillas Park I J & Cabanillas Park II**
- Cilsa (ZAL Port) has delivered a **95,987 sqm turn-key warehouse to Decathlon**

|                         |               |
|-------------------------|---------------|
| Stock                   | 1,339,718 sqm |
| WIP <sup>(2)</sup>      | 790,157 sqm   |
| Best II                 | 332,166 sqm   |
| Best III                | 435,482 sqm   |
| A4-Getafe (Data Center) | 22,508 sqm    |
| Stock incl. WIP         | 2,129,875 sqm |
| ZAL Port                | 728,163 sqm   |
| ZAL Port WIP            | 8,168 sqm     |
| Stock managed           | 2,866,206 sqm |

|              | Occupancy rate |              | bps         |
|--------------|----------------|--------------|-------------|
|              | 6M21           | 3M21         |             |
| Madrid       | 97.9%          | 95.2%        | +263        |
| Barcelona    | 91.7%          | 93.2%        | (153)       |
| Other        | 93.9%          | 93.9%        | 0           |
| <b>Total</b> | <b>96.2%</b>   | <b>94.7%</b> | <b>+151</b> |

<sup>(1)</sup> Logistics portfolio in operation for 6M20 (€ 27.8m of GRI) and for 6M21 (€ 28.1m of GRI)

<sup>(2)</sup> WIP includes in progress Best II & III and A4-Getafe Data Center





## LOGISTICS (CONT.)

### INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

#### Best II (as from 30/06/2021)

|                                | GLA (sqm)      | ERV (€m)    | Investment (€m) | ERV YoC     |
|--------------------------------|----------------|-------------|-----------------|-------------|
| <b>Delivered<sup>(1)</sup></b> | <b>255,660</b> |             |                 |             |
| A4-Pinto II                    | 29,473         | 1.2         | 13.7            | 8.6%        |
| A2-Cabanillas III              | 21,879         | 0.9         | 11.8            | 7.8%        |
| A2-Cabanillas Park I F         | 20,723         | 0.9         | 10.8            | 7.9%        |
| A2-Cabanillas Park I G         | 22,506         | 0.9         | 13.5            | 6.9%        |
| A4-Seseña                      | 28,731         | 1.2         | 15.5            | 7.7%        |
| A2-Azuqueca II                 | 98,757         | 4.4         | 54.7            | 8.1%        |
| A2-San Fernando II             | 33,592         | 1.9         | 22.1            | 8.5%        |
| <b>In progress</b>             | <b>117,891</b> |             |                 |             |
| A2-Cabanillas Park II          | 47,403         | 2.1         | 25.7            | 8.1%        |
| A2-Cabanillas Park I H-J       | 70,488         | 2.9         | 42.5            | 6.9%        |
| <b>Landbank</b>                | <b>214,275</b> |             |                 |             |
| A2-Cabanillas Park II          | 163,275        | 7.1         | 88.5            | 8.1%        |
| A2-Azuqueca III                | 51,000         | 2.3         | 30.1            | 7.7%        |
| <b>Total</b>                   | <b>587,827</b> | <b>25.8</b> | <b>328.9</b>    | <b>7.8%</b> |

#### Best III (as from 30/06/2021)

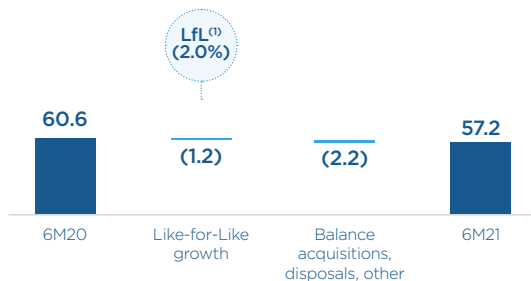
|                                | GLA (sqm)      | ERV (€m)    | Investment (€m) | ERV YoC     |
|--------------------------------|----------------|-------------|-----------------|-------------|
| <b>Delivered<sup>(1)</sup></b> | <b>62,519</b>  |             |                 |             |
| Valencia-Ribarroja             | 34,992         | 1.9         | 26.3            | 7.2%        |
| Sevilla ZAL WIP                | 27,528         | 1.4         | 11.9            | 12.0%       |
| <b>In progress</b>             | <b>60,095</b>  |             |                 |             |
| Sevilla ZAL WIP                | 15,122         | 1.6         | 18.0            | 9.0%        |
| Lisbon Park                    | 44,973         | 2.1         | 29.5            | 7.1%        |
| <b>Landbank</b>                | <b>375,387</b> |             |                 |             |
| Lisbon Park                    | 179,891        | 8.4         | 118.1           | 7.1%        |
| Madrid-San Fernando III        | 98,924         | 5.1         | 54.9            | 9.3%        |
| Valencia                       | 96,572         | 4.4         | 56.2            | 7.8%        |
| <b>Total</b>                   | <b>498,002</b> | <b>24.9</b> | <b>314.9</b>    | <b>7.9%</b> |

<sup>(1)</sup> Reclassified as part of the existing stock

# SHOPPING CENTERS

## Gross rents bridge

(€m)



## Leasing activity

- **Footfall and tenant sales are recovering despite new restrictions and the lack of tourism.** The capex plan and commercial policy are having a positive impact on both users and retailers
- **Strong reduction in incentives versus same period last year. The OCR remains at sustainable levels (12.7%) thanks to sales recovery**
- **6M21 leasing activity highlights:**
  - 765 sqm new lease with Ducati in X-Madrid
  - 623 sqm new lease (extension) with Bershka in Porto Pi
  - 590 sqm new lease (extension) with Pull&Bear in Larios
  - 570 sqm new lease with MGI in La Vital
  - 552 sqm new lease with Druni in Artea
  - 468 sqm new lease with Kamado and Sibuya in Saler

| sqm          | Contracted    | Out             | In            | Renewals     | Net            | LTM            |             |
|--------------|---------------|-----------------|---------------|--------------|----------------|----------------|-------------|
|              |               |                 |               |              |                | Release spread | # Contracts |
| <b>Total</b> | <b>16,271</b> | <b>(16,330)</b> | <b>14,974</b> | <b>1,297</b> | <b>(1,356)</b> | <b>+5.9%</b>   | <b>67</b>   |

## Occupancy

- **Occupancy is improving (+42 bps vs 3M21)**
- The **retenanting effort** continues with **new contracts totalling 15k sqm** during the semester
- **Best performer this quarter has been X-Madrid**

## Rents breakdown

|               | Gross rents 6M21 (€ m) | Passing rent (€/sqm/m) | WAULT (yr) |
|---------------|------------------------|------------------------|------------|
| <b>MERLIN</b> | <b>57.2</b>            | <b>21.2</b>            | <b>2.2</b> |

## Footfall and tenant sales

|                    | YTD <sup>(2)</sup> |
|--------------------|--------------------|
| Tenant sales       | (32.0%)            |
| Footfall           | (31.4%)            |
| OCR <sup>(3)</sup> | 12.7%              |

|                                 |             |
|---------------------------------|-------------|
| <b>Stock</b>                    | 461,741 sqm |
| <b>Tres Aguas<sup>(4)</sup></b> | 67,940 sqm  |
| <b>Stock with Tres Aguas</b>    | 529,681 sqm |

|              | Occupancy rate |              |            |
|--------------|----------------|--------------|------------|
|              | 6M21           | 3M21         | bps        |
| <b>Total</b> | <b>93.3%</b>   | <b>92.9%</b> | <b>+42</b> |

<sup>(1)</sup> Shopping centers portfolio in operation for 3M20 (€ 58.3m of GRI) and for 3M21 (€ 57.1m of GRI)

<sup>(2)</sup> YTD vs 2019

<sup>(3)</sup> Including the impact of the commercial policy

<sup>(4)</sup> Tres Aguas at 100% allocation



## SHOPPING CENTERS (CONT.)

### FLAGSHIP

| IN STOCK <sup>(1)</sup>  | GLA (sqm)       | Scope  | Budget      | Delivery | YoC              |      |
|--|-----------------|--------|-------------|----------|------------------|------|
|   | <b>Saler</b>    | 50,747 | Full refurb | € 25.8m  | <b>Delivered</b> | 5.7% |
|  | <b>Porto Pi</b> | 58,779 | Full refurb | € 28.5m  | <b>Delivered</b> | 4.1% |

<sup>(1)</sup> GLA and Capex budget for shopping centers refurbishments include 100% of the asset, regardless of the stake owned by MERLIN in the owners' community

## BALANCE SHEET

- **LTV stands at 40.5%**, slightly up vs FY20 (39.9%) due to the distribution to shareholders of € 140m or € 0.30 per share
- **€ 500m bond issue** (9 years) for the repayment of a bond maturing in 2022 with ca. 100 bps cost savings

| Ratios                                 | 30/06/2021         | 31/12/2020 |
|--|--------------------|------------|
| LTV                                    | 40.5%              | 39.9%      |
| Av. Interest rate                      | 2.06% (1.76% spot) | 2.12%      |
| Av. Maturity (years)                   | 5.9                | 6.0        |
| Unsecured debt to total debt           | 87.8%              | 86.7%      |
| Interest rate fixed                    | 100.0%             | 99.8%      |
| Liquidity position (€m) <sup>(1)</sup> | 1,650              | 1,253      |

| Corporate rating      |      | Outlook  |
|-----------------------|------|----------|
| <b>S&amp;P Global</b> | BBB  | Stable   |
| <b>Moody's</b>        | Baa2 | Negative |

|                                     | € million |
|-------------------------------------|-----------|
| GAV                                 | 12,893    |
| Gross financial debt                | 6,232     |
| Cash and equivalents <sup>(2)</sup> | (864)     |
| Net financial debt                  | 5,368     |
| NTA                                 | 7,304     |

## VALUATION

- **€ 12,893m of GAV, +0.5%** as compared to December 2020
- Offices resiliency and logistics growth offset shopping centers and hotels adjustment

|                  | GAV (€ m)     | LfL Growth   | Gross yield | Yield expansion / (compression) <sup>(3)</sup> |
|------------------|---------------|--------------|-------------|--|
| Offices          | 6,349         | +0.4%        | 3.9%        | (3)  |
| Logistics        | 1,219         | +4.0%        | 5.1%        | (16)   |
| Shopping centers | 2,185         | (1.5%)       | 5.1%        | -  |
| Net leases       | 1,864         | +1.0%        | 4.6%        | -  |
| WIP & land       | 263           | n.a.         | n.a.        | n.a.   |
| Other            | 421           | (2.6%)       | 3.4%        | +1   |
| Equity method    | 590           | +3.0%        | n.a.        | n.a.   |
| <b>Total</b>     | <b>12,893</b> | <b>+0.5%</b> | <b>4.4%</b> | <b>(3)</b>                                     |

<sup>(1)</sup> Includes cash (€ 680.3m) and treasury stock (€ 32.3m), Juno's receivable (€ 70.0m), Silicius receivable (€ 81.0m) and undrawn credit facilities (€ 786m) in 6M21

<sup>(2)</sup> Includes cash (€ 680.3m) and treasury stock (€ 32.3m), Juno's receivable (€ 70.0m) and Silicius receivable (€81.0m)

<sup>(3)</sup> Bps based on exit yield at 30/06/20



## INVESTMENTS, DIVESTMENTS AND CAPEX

- **No acquisitions during 6M21**
- **€ 109.0m<sup>(1)</sup>** of non-core assets divestments at 3.4% premium including 3 non-core logistics assets comprising 50,804 sqm, a 9,576 sqm office building in Madrid, 1 BBVA branch, 2 supermarkets and Aedas stake.
- **Flagship completed. Landmark with just one building in WIP. Best II & III continue progressing properly.** Castellana 85, Monumental, Saler, Porto Pi and Lisbon Park (Phase I) have been delivered during the quarter
- MERLIN has launched its **Digital Infrastructure Plan (Mega) to develop technologically advanced, highly sustainable data centers on landplots already owned by the company**




|  | Offices   | Retail            | Logistics   | € million   |
|--|---|-------------------|---|-------------|
| Development  | Av. de Burgos 208   |                   | A2-Cabanillas Park I G-H-J<br>Lisbon Park<br>A2-Cabanillas Park II<br>A4-Getafe (Data Center) | 32.8        |
| Investment properties                                    | Castellana 85<br>Monumental<br>Plaza Ruiz Picasso<br>Arturo Soria 343 | Saler<br>Porto Pi | A2-Coslada Complex<br>A2-Azuqueca II  | 42.7        |
| Like-for-like portfolio (Defensive Capex) <sup>(2)</sup> |   |                   |   | 6.0         |
| <b>Total</b>   |   |                   |   | <b>81.5</b> |

<sup>(1)</sup> € 81.0m as of 6M21. The disposals of 2 supermarkets and the stake of Aedas have been closed in July

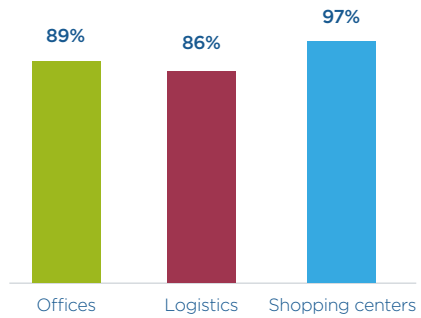
<sup>(2)</sup> € 4.8m are capitalized in balance sheet and € 1.2m are expensed in P&L

## SUSTAINABILITY

- **Intensive effort in terms of portfolio certification**, having obtained 14 new LEED/BREEAM certificates
- **All certificates have obtained the highest scores** (LEED Gold or Platinum or BREEAM Very Good or Excellent), proving MERLIN's sustainability commitment
- **The program is nearing completion**, with 97% of shopping centers, 86% of logistics warehouses and 89% of office assets already certified

| Torre Gloriès   | Artea   | Vitoria Jundiz I  |
|---|---|---|
|  |  |  |
| BREEAM<br>Excellent   | BREEAM<br>Excellent   | BREEAM<br>Very Good   |

### % GAV certified



## POST CLOSING

- On July 20<sup>th</sup>, **DCN signed the multilateral infrastructure agreement** with ADIF, Madrid townhall and Comunidad de Madrid (regional government). This urbanistic milestone fulfills the last condition precedent for the acquisition of the land



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# COVID-19 UPDATE

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## COLLECTION RATE

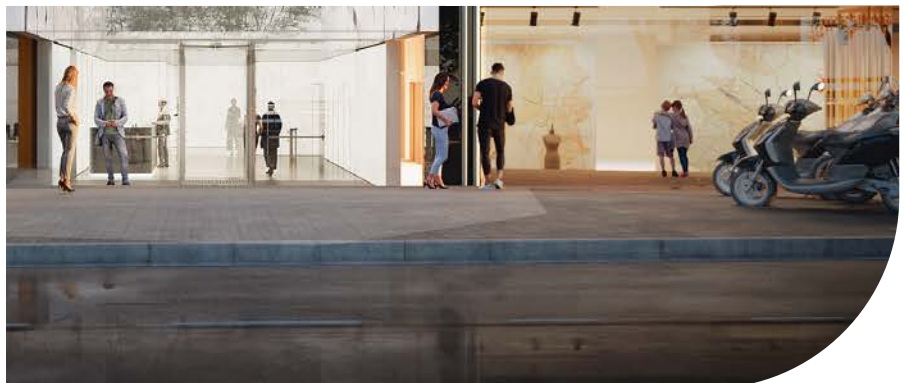
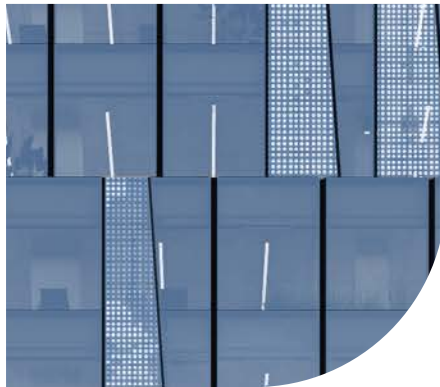
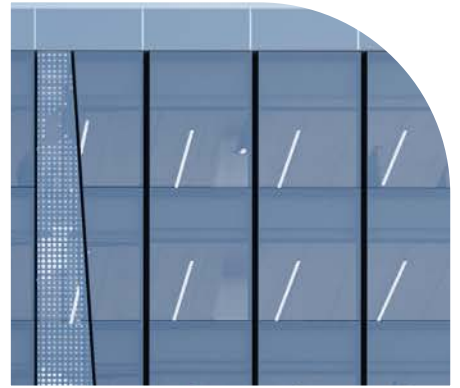
- Collection rate remains once again at very high levels, similar to business as usual
- We will discontinue reporting Covid-19 collection rates in the future

(as a % of total invoices due)

| <b>6M21</b>       | <b>Offices</b> | <b>Logistics</b> | <b>Shopping centers</b> | <b>Net leases</b> |
|-------------------|----------------|------------------|-------------------------|-------------------|
| Collected         | 99.1%          | 99.8%            | 72.4%                   | 100%              |
| Commercial policy | 0%             | 0%               | 24.4%                   | 0%                |
| In process        | 0.7%           | 0.2%             | 0%                      | 0%                |
| Uncollected       | 0.2%           | 0%               | 3.2%                    | 0%                |

# 02

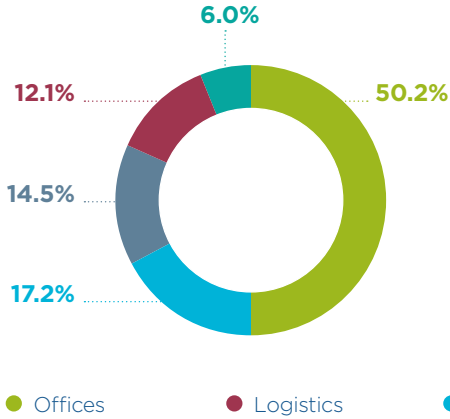
## Business Performance



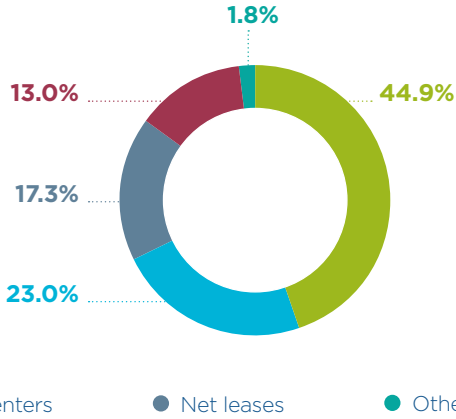


# Business performance

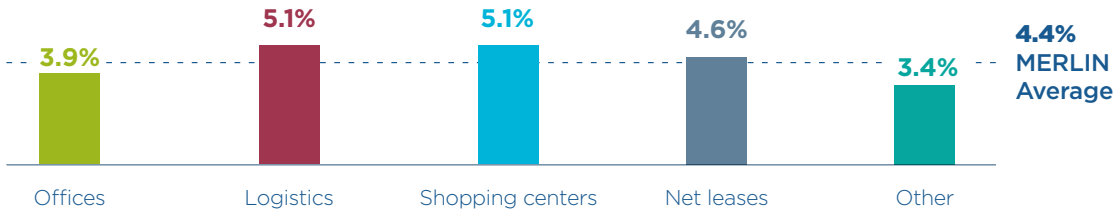
**GAV PER ASSET CLASS<sup>(1)</sup>**



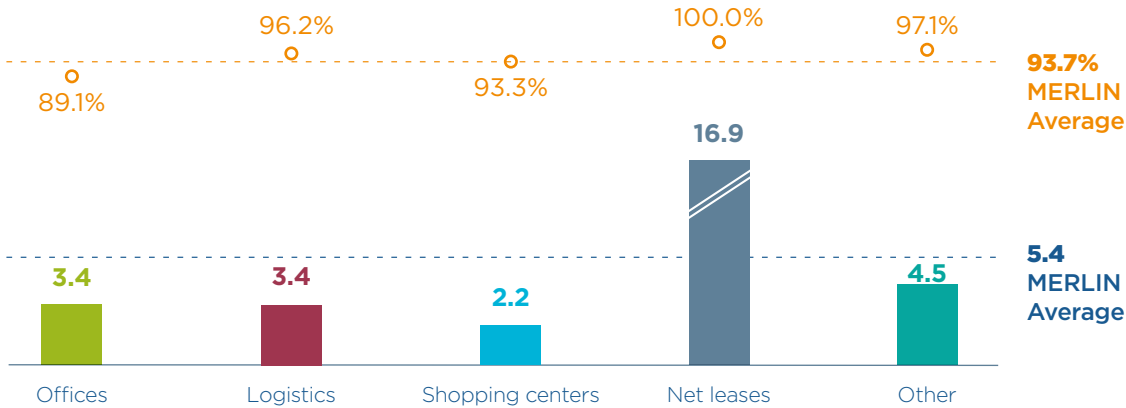
**GROSS RENTS PER ASSET CLASS<sup>(2)</sup>**



**GROSS YIELD PER ASSET CLASS**



**OCCUPANCY AND WAULT (YEARS) PER ASSET CLASS**



<sup>(1)</sup> GAV of land under development and NTA of equity method included in its respective category (offices, shopping centers and logistics)  
<sup>(2)</sup> Gross annualized rent on full consolidated assets

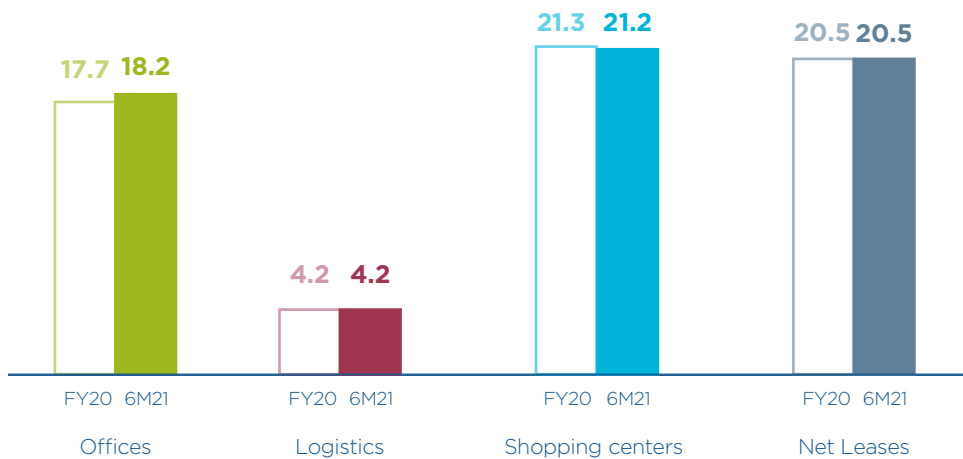
## RENTS

Gross rents in the period amount to € 248,453 thousand with respect to € 256,599 thousand in 6M20

### I GROSS RENTS BREAKDOWN

|                  | 6M21           | 6M20           | YoY           |
|------------------|----------------|----------------|---------------|
| Offices          | 111,513        | 117,951        | (5.5%)        |
| Logistics        | 32,230         | 28,793         | +11.9%        |
| Shopping centers | 57,154         | 60,587         | (5.7%)        |
| Net leases       | 43,020         | 43,451         | (1.0%)        |
| Other            | 4,537          | 5,818          | (22.0%)       |
| <b>Total</b>     | <b>248,453</b> | <b>256,599</b> | <b>(3.2%)</b> |

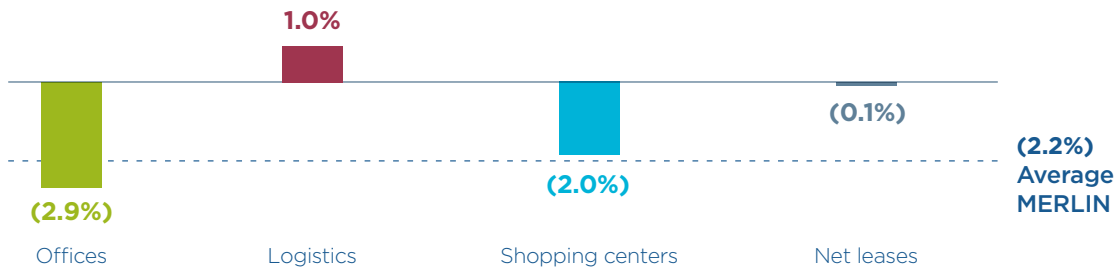
### I AVERAGE PASSING RENT (€/SQM/MONTH)





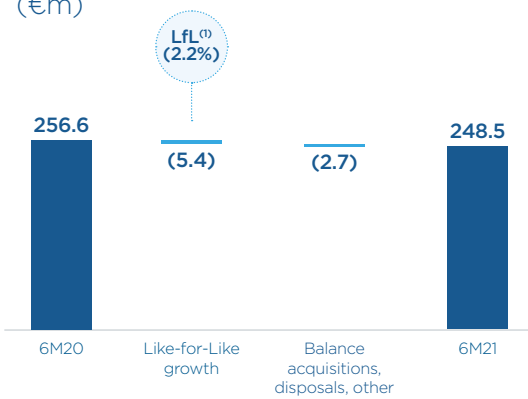
Aggregate gross rents have decreased by 2.2% on a like-for-like basis. Per asset category, the like-for-like evolution is shown below

**LIKE-FOR-LIKE INCREASE/DECREASE**

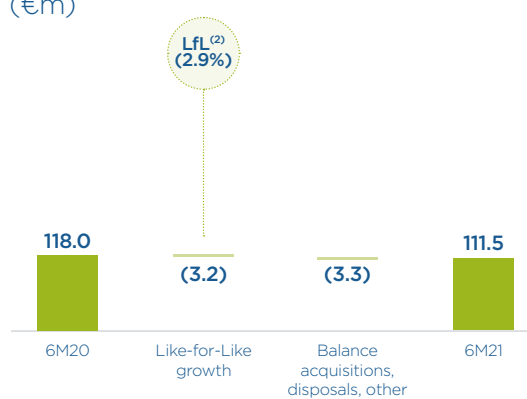


**Bridge of 6M20 gross rents to 6M21, for MERLIN and by asset category:**

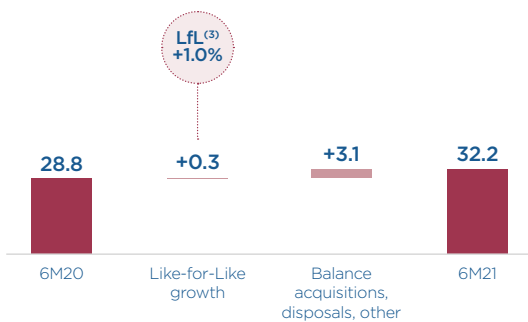
**MERLIN**  
(€m)



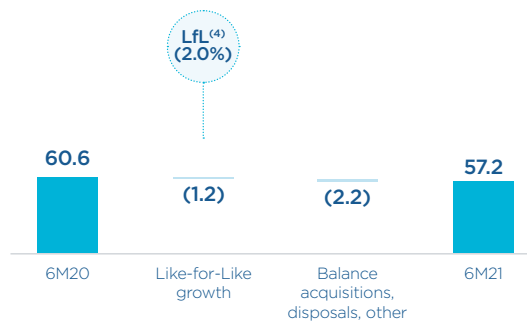
**Offices**  
(€m)



**Logistics**  
(€m)



**Shopping centers**  
(€m)



<sup>(1)</sup> Portfolio in operation for the 6M20 (€ 244.7m of GRI) and for the 6M21 (€ 239.3m of GRI)  
<sup>(2)</sup> Office portfolio in operation for 6M20 (€ 109.7m of GRI) and for 6M21 (€ 106.5m of GRI)  
<sup>(3)</sup> Logistics portfolio in operation for 6M20 (€ 27.8m of GRI) and for 6M21 (€ 28.1m of GRI)  
<sup>(4)</sup> Shopping centers portfolio in operation for 3M20 (€ 58.3m of GRI) and for 3M21 (€ 57.1m of GRI)

## OCCUPANCY

Stock G.L.A. of MERLIN as of 30 June 2021 amounts to 3,428,884 sqm. Stock as of 31 December 2020 amounted to 3,313,314 sqm, resulting in a net increase of the stock during the period of 115,570 sqm. Occupancy rate as of 30 June 2021 is 93.7%<sup>(1)</sup>.

|   | 30/06/2021       | 31/12/2020       | Change YoY Bps |
|---|------------------|------------------|----------------|
| <b>Offices</b>                          |                  |                  |                |
| Total G.L.A. (sqm) <sup>(2)</sup>       | 1,212,143        | 1,191,825        |                |
| G.L.A. occupied (sqm)                   | 1,080,168        | 1,085,511        |                |
| Occupancy rate (%)                      | 89.1%            | 91.1%            | (197)          |
| <b>Logistics</b>                        |                  |                  |                |
| Total G.L.A. (sqm)                      | 1,339,718        | 1,221,716        |                |
| G.L.A. occupied (sqm)                   | 1,288,472        | 1,191,574        |                |
| Occupancy rate (%)                      | 96.2%            | 97.5%            | (46)           |
| <b>Shopping centers</b>                 |                  |                  |                |
| Total G.L.A. (sqm)                      | 461,741          | 461,714          |                |
| G.L.A. occupied (sqm)                   | 424,778          | 426,134          |                |
| Occupancy rate (%) <sup>(3)</sup>       | 93.3%            | 93.7%            | (46)           |
| <b>Net leases</b>                       |                  |                  |                |
| Total G.L.A. (sqm)                      | 350,272          | 350,542          |                |
| G.L.A. occupied (sqm)                   | 350,272          | 349,509          |                |
| Occupancy rate (%)                      | 100.0%           | 99.7%            | +29            |
| <b>Other</b>                            |                  |                  |                |
| Total G.L.A. (sqm)                      | 65,009           | 87,517           |                |
| G.L.A. occupied (sqm)                   | 63,107           | 63,107           |                |
| Occupancy rate (%)                      | 97.1%            | 72.1%            | +2,497         |
| <b>MERLIN</b>                           |                  |                  |                |
| <b>Total G.L.A. (sqm)</b>               | <b>3,428,883</b> | <b>3,313,314</b> |                |
| <b>G.L.A. occupied (sqm)</b>            | <b>3,206,797</b> | <b>3,115,835</b> |                |
| <b>Occupancy rate (%)<sup>(2)</sup></b> | <b>93.7%</b>     | <b>94.2%</b>     | <b>(55)</b>    |

<sup>(1)</sup> MERLIN policy excludes buildings under complete refurbishment. Buildings excluded this period are Plaza Ruiz Picasso, Arturo Soria 343, Plaza Cataluña 9, Pere IV, Avenida de Burgos 208, Atica 1, PE Cerro Gamos 5 and Adequa 2

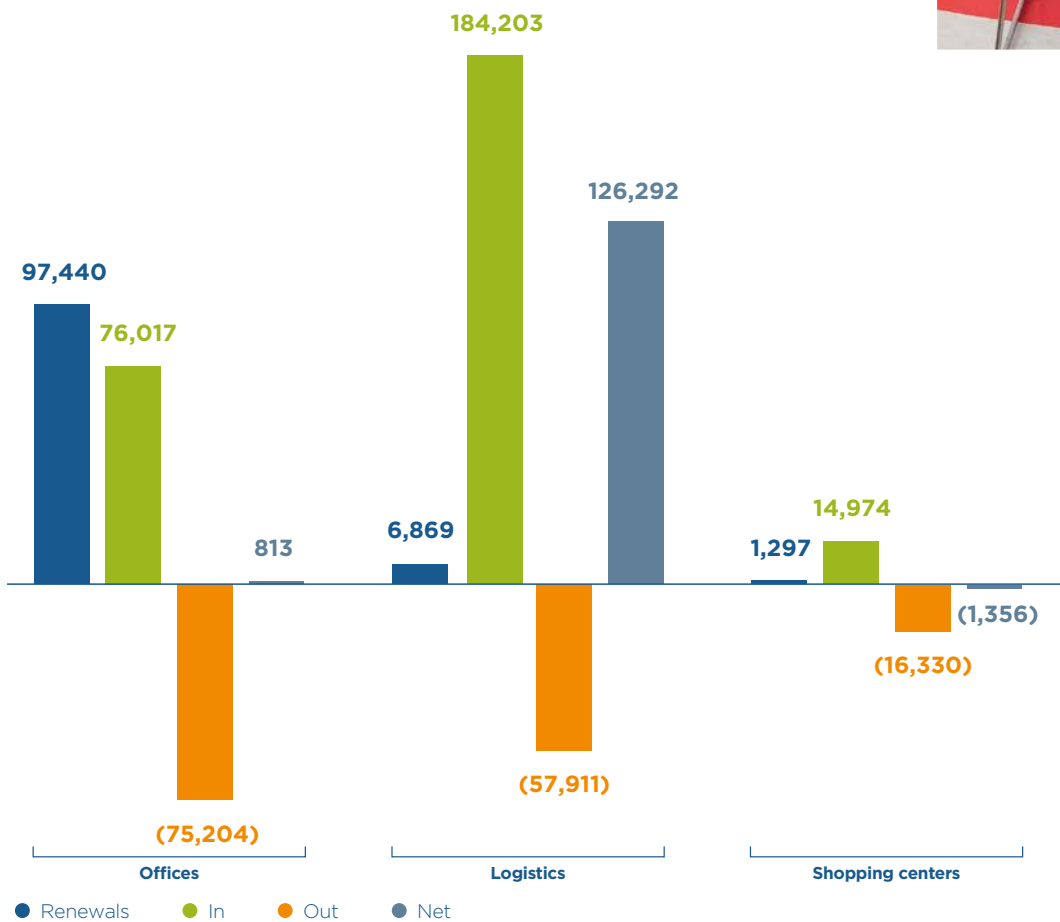
<sup>(2)</sup> Excluding buildings under complete refurbishment. Buildings excluded this period are Plaza Ruiz Picasso, Arturo Soria 343, Plaza Cataluña 9, Pere IV, Avenida de Burgos 208, Atica 1, PE Cerro Gamos 5 and Adequa 2

<sup>(3)</sup> Excluding vacant units acquired under refurbishment (6,400 sqm in 6M21 and 7,162 sqm in FY20)



## LEASING ACTIVITY

Since the beginning of 2021, or since the acquisition date for the assets acquired during the year, until 30 June 2021, MERLIN has signed lease agreements amounting to 380,800 sqm, out of which 275,194 sqm corresponds to new leases and 105,606 sqm to renewals.



## I OFFICES

Total take-up amounts to 173,457 sqm out of which 76,017 sqm correspond to new contracts and 97,440 sqm to renewals.

Exits amounted to 75,204 sqm, and therefore the net take up is +813 sqm. Main contracts signed in 6M21 are the following:

| Asset             | Tenant                       | G.L.A. (sqm) |
|-------------------|------------------------------|--------------|
| Adequa            | Técnicas Reunidas            | 43,515       |
| Monumental        | BPI                          | 22,451       |
| Castellana 85     | Accenture & Elecnor          | 12,789       |
| Avenida de Europa | Vass                         | 10,495       |
| PE Sanchinarro    | Inetum                       | 8,595        |
| Diagonal 199      | Capgemini                    | 5,934        |
| Atica 5           | Transcom                     | 4,225        |
| Central Office    | Essity                       | 3,024        |
| PE Las Tablas     | VM Energy & Parques Reunidos | 3,008        |
| PLZFB             | Generalitat de Catalunya     | 2,767        |
| Alfonso XI        | IEB                          | 1,994        |

The release spread achieved in the contracts renewed or relet LTM amounts to 6.8%

|              | Release spread | # contracts |
|--------------|----------------|-------------|
| Madrid       | +4.3%          | 110         |
| Barcelona    | +14.7%         | 36          |
| Lisbon       | +24.6%         | 14          |
| <b>Total</b> | <b>+6.8%</b>   | <b>160</b>  |



## I LOGISTICS

Total take-up amounts to 191,072 sqm, out of which 184,203 sqm correspond to new contracts and 6,869 sqm to renewals.

Exits amounted 57,911 sqm, therefore net take-up amounts to +126,292 sqm. Main contracts signed in 6M21 are the following:

| Asset                  | Tenant            | G.L.A. (sqm) |
|------------------------|-------------------|--------------|
| A2-Azuqueca II         | Carrefour         | 98,757       |
| A2-Cabanillas Park I G | 4PX               | 22,506       |
| A2-Cabanillas Park I F | Truck and Wheel   | 20,723       |
| Lisbon Park            | Olicargo & Rangel | 18,947       |
| Sevilla ZAL            | Asmodee           | 5,849        |
| A2-San Fernando II     | Grupo Mox         | 5,050        |
| Sevilla ZAL            | Rhenus Logistics  | 4,320        |
| Barcelona-PLZF         | Zimmer Biomet     | 2,549        |

The release spread achieved in the contracts renewed or relet LTM amount to 3.3%.

|              | Release spread | # contracts |
|--------------|----------------|-------------|
| Madrid       | 0.3%           | 4           |
| Barcelona    | 9.0%           | 2           |
| Other        | 22.7%          | 5           |
| <b>Total</b> | <b>3.3%</b>    | <b>11</b>   |

## I SHOPPING CENTERS

Total take-up amounts to 16,271 sqm out of which 14,974 sqm correspond to new contracts and 1,297 sqm renewals.

Exits amounted to 16,330 sqm, and therefore the net take-up is negative by 1,297 sqm. Main contracts signed in 6M21 are the following:

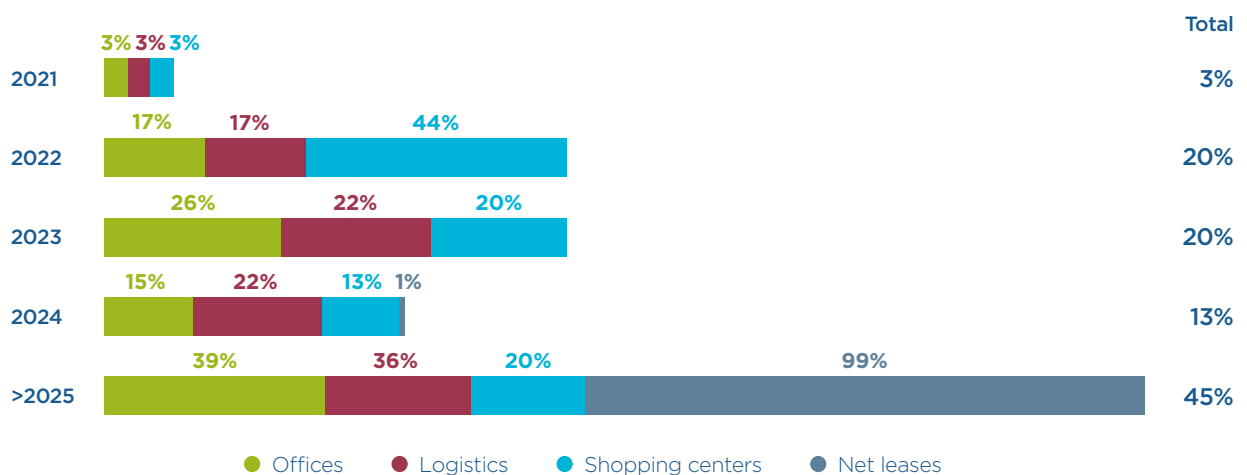
| Asset      | Tenant                    | G.L.A. (sqm) |
|------------|---------------------------|--------------|
| Saler      | Décimas                   | 986          |
| Vilamarina | Code                      | 657          |
| X-Madrid   | Ducati                    | 765          |
| Porto Pi   | Bershka                   | 623          |
| Larios     | Pull&Bear                 | 590          |
| La Vital   | MGI                       | 570          |
| Artea      | Druni                     | 552          |
| Artea      | Stradivarius              | 505          |
| Saler      | Kamado y Sibuya           | 468          |
| Vilamarina | Tifossi                   | 465          |
| X-Madrid   | Williamsburg Grill & Beer | 460          |
| Bonaire    | Décimas                   | 450          |

The release spread achieved in the contracts renewed or relet LTM amounts to 5.9%

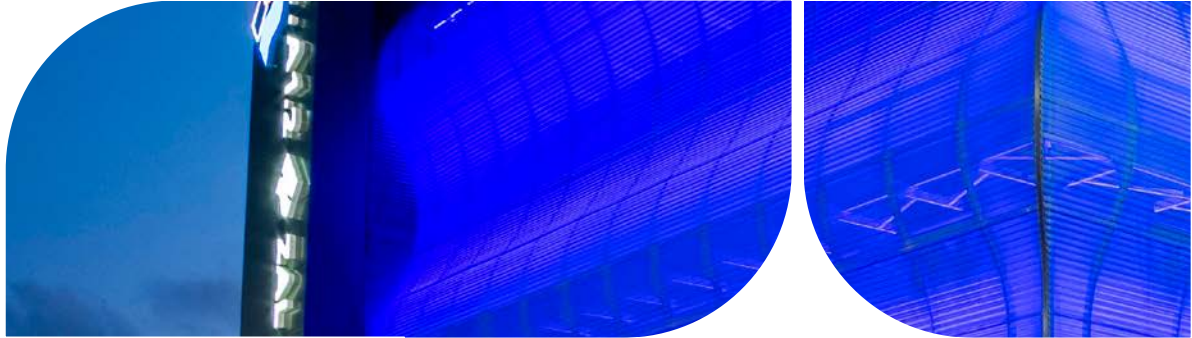
## I LEASE MATURITY PROFILE

The chart of lease contracts maturity (next break) shows a balanced profile. In aggregated terms, in the following three years, the gross

rents that have a break option amount to 3% in 2021, 20% in 2022 and 20% in 2023.

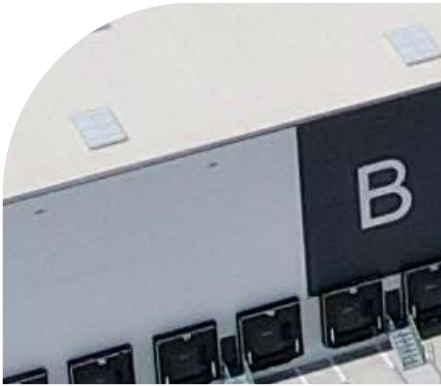
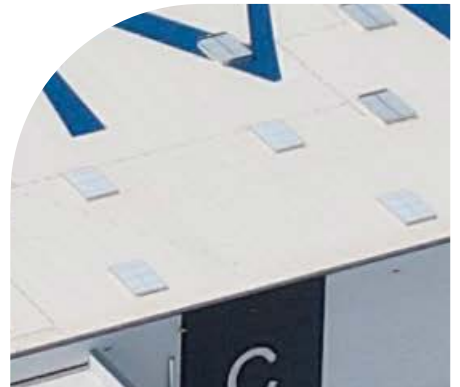






# 03

## Investments, divestments and Capex



## Investments, divestments and Capex

- **No acquisitions during 6M21**
- **€ 109.0m<sup>(1)</sup>** of non-core assets divestments at 3.4% premium including 3 non-core logistics assets comprising 50,804 sqm, a 9,576 sqm office building in Madrid, 1 BBVA branch, 2 supermarkets and Aedas stake.
- **Flagship completed. Best II & III continue progressing properly.** Castellana 85, Monumental, Saler, Porto Pi and Lisbon Park (Phase I) have been delivered during the quarter
- MERLIN has launched its **Digital Infrastructure Plan (Mega) to develop cutting-edge data centers on landplots already owned by the company**

|  | Offices   | Retail            | Logistics   | € million   |
|--|---|-------------------|---|-------------|
| <b>Development</b>   | Av. de Burgos 208   |                   | A2-Cabanillas Park I G-H-J<br>Lisbon Park<br>A2-Cabanillas Park II<br>A4-Getafe (Data Center) | <b>32.8</b> |
| <b>Investment properties</b>                                   | Castellana 85<br>Monumental<br>Plaza Ruiz Picasso<br>Arturo Soria 343 | Saler<br>Porto Pi | A2-Coslada Complex<br>A2-Azuqueca II  | <b>42.7</b> |
| <b>Like-for-like portfolio (Defensive Capex)<sup>(2)</sup></b> |   |                   |   | <b>6.0</b>  |
| <b>TOTAL</b>   |   |                   |   | <b>81.5</b> |

<sup>(1)</sup> € 81.0m as of 6M21. The disposals of 2 supermarkets and the stake of Aedas have been closed in July

<sup>(2)</sup> € 4.8m are capitalized in balance sheet and € 1.2m are expensed in P&L

## DEVELOPMENTS / WORK IN PROGRESS (WIP)

### I LANDMARK I PLAN (OFFICES)

#### WIP



Castellana 85

GLA (sqm) **16,474**  
 Scope **Full refurb**  
 Budget **€ 34.8m**  
 Delivery **Delivered**



Monumental

GLA (sqm) **25,358**  
 Scope **Full refurb**  
 Budget **€ 34.8m**  
 Delivery **Delivered**



Plaza Ruiz Picasso

GLA (sqm) **36,899<sup>(1)</sup>**  
 Scope **Full refurb**  
 Budget **€ 57.5m**  
 Delivery **3Q23**

### I FLAGSHIP PLAN (SHOPPING CENTERS)

#### IN STOCK<sup>(2)</sup>



Saler

GLA (sqm) **50,747**  
 Scope **Full refurb**  
 Budget **€ 25.8m**  
 Delivery **Delivered**



Porto Pi

GLA (sqm) **58,779**  
 Scope **Full refurb**  
 Budget **€ 28.5m**  
 Delivery **Delivered**

<sup>(1)</sup> Post refurbishment

<sup>(2)</sup> GLA and Capex budget for shopping centers refurbishments include 100% of the asset, regardless of the stake owned by MERLIN in the owners' community

## I BEST II & III PLANS (LOGISTICS)

MERLIN continues expanding its logistics footprint through the developments / WIP program in logistics. As of 30 June 2021, main assets under refurbishment/WIP plans are the following:

### Best II (as from 30/06/2021)

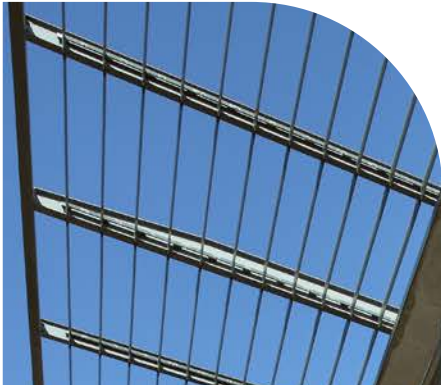
|                                   | GLA (sqm)      | ERV (€m)    | Investment (€m) | ERV YoC     |
|-----------------------------------|----------------|-------------|-----------------|-------------|
| <b>Delivered<sup>(1)</sup></b>    | <b>255,660</b> |             |                 |             |
| A4-Pinto II                       | 29,473         | 1.2         | 13.7            | 8.6%        |
| A2-Cabanillas III                 | 21,879         | 0.9         | 11.8            | 7.8%        |
| A2-Cabanillas Park I F            | 20,723         | 0.9         | 10.8            | 7.9%        |
| A2-Cabanillas Park I G            | 22,506         | 0.9         | 13.5            | 6.9%        |
| A4-Seseña <sup>(1)</sup>          | 28,731         | 1.2         | 15.5            | 7.7%        |
| A2-Azuqueca II                    | 98,757         | 4.4         | 54.7            | 8.1%        |
| A2-San Fernando II <sup>(1)</sup> | 33,592         | 1.9         | 22.1            | 8.5%        |
| <b>In progress</b>                | <b>117,891</b> |             |                 |             |
| A2-Cabanillas Park II             | 47,403         | 2.1         | 25.7            | 8.1%        |
| A2-Cabanillas Park I H-J          | 70,488         | 2.9         | 42.5            | 6.9%        |
| <b>Landbank</b>                   | <b>214,275</b> |             |                 |             |
| A2-Cabanillas Park II             | 163,275        | 7.1         | 88.5            | 8.1%        |
| A2-Azuqueca III                   | 51,000         | 2.3         | 30.1            | 7.7%        |
| <b>Total</b>                      | <b>587,827</b> | <b>25.8</b> | <b>328.9</b>    | <b>7.8%</b> |

### Best III (as from 30/06/2021)

|                                | GLA (sqm)      | ERV (€m)    | Investment (€m) | ERV YoC     |
|--------------------------------|----------------|-------------|-----------------|-------------|
| <b>Delivered<sup>(1)</sup></b> | <b>62,519</b>  |             |                 |             |
| Valencia-Ribarroja             | 34,992         | 1.9         | 26.3            | 7.2%        |
| Sevilla ZAL WIP                | 27,528         | 1.4         | 11.9            | 12.0%       |
| <b>In progress</b>             | <b>60,095</b>  |             |                 |             |
| Sevilla ZAL WIP                | 15,122         | 1.6         | 18.0            | 9.0%        |
| Lisbon Park                    | 44,973         | 2.1         | 29.5            | 7.1%        |
| <b>Landbank</b>                | <b>375,387</b> |             |                 |             |
| Lisbon Park                    | 179,891        | 8.4         | 118.1           | 7.1%        |
| Madrid-San Fernando III        | 98,924         | 5.1         | 54.9            | 9.3%        |
| Valencia                       | 96,572         | 4.4         | 56.2            | 7.8%        |
| <b>Total</b>                   | <b>498,002</b> | <b>24.9</b> | <b>314.9</b>    | <b>7.9%</b> |

<sup>(1)</sup> Reclassified as part of the existing stock

# 04 Portfolio valuation



## Portfolio valuation

MERLIN portfolio has been appraised by CBRE, Savills and JLL, for a total GAV of € 12,893m. GAV breakdown is the following:

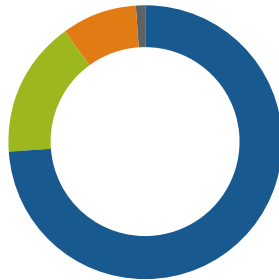
|                  | <b>GAV<br/>(€ m)</b> | <b>LfL<br/>Growth</b> | <b>Gross<br/>yield</b> | <b>Yield expansion<br/>/(compression)<sup>(1)</sup></b> |
|------------------|----------------------|-----------------------|------------------------|---|
| Offices          | 6,349                | +0.4%                 | 3.9%                   | (3)   |
| Logistics        | 1,219                | +4.0%                 | 5.1%                   | (16)  |
| Shopping centers | 2,185                | (1.5%)                | 5.1%                   | -   |
| Net leases       | 1,864                | +1.0%                 | 4.6%                   | -   |
| WIP & land       | 263                  | n.a.                  | n.a.                   | n.a.  |
| Other            | 421                  | (2.6%)                | 3.4%                   | +1  |
| Equity method    | 590                  | +3.0%                 | n.a.                   | n.a.  |
| <b>Total</b>     | <b>12,893</b>        | <b>+0.5%</b>          | <b>4.4%</b>            | <b>(3)</b>  |

<sup>(1)</sup> Bps based on exit yield

A broader analysis of the asset portfolio by valuation in the different categories is shown below:

### OFFICES (BY GAV)

By geography



- Madrid **74%**
- Barcelona **16%**
- Lisbon **9%**
- Other Spain **1%**

By location



- Prime + CBD **54%**
- NBA **37%**
- Periphery **9%**

By product



- Multi tenant **70%**
- Single tenant **30%**

### SHOPPING CENTERS (BY GAV)

By geography



- Madrid **25%**
- Lisbon **20%**
- Galicia **13%**
- Catalonia **10%**
- Valencia **10%**
- Andalusia **7%**
- Other **15%**

By type



- Urban **59%**
- Dominant **36%**
- Secondary **5%**

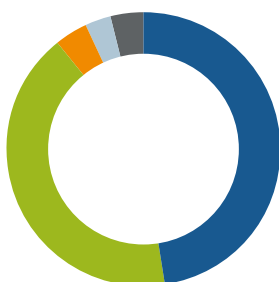
By size



- Extra-large **33%**
- Large **32%**
- Medium **20%**
- Small **15%**

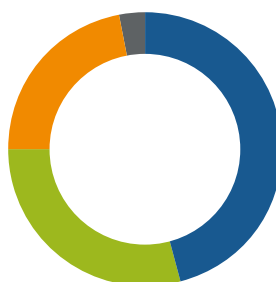
### LOGISTICS (BY GAV)

By geography



- Madrid **62%**
- Catalonia **24%**
- Seville **5%**
- Basque Country **4%**
- Other **5%**

By reach



- National **46%**
- Ports **29%**
- Regional **22%**
- Production related **3%**

By tenant type



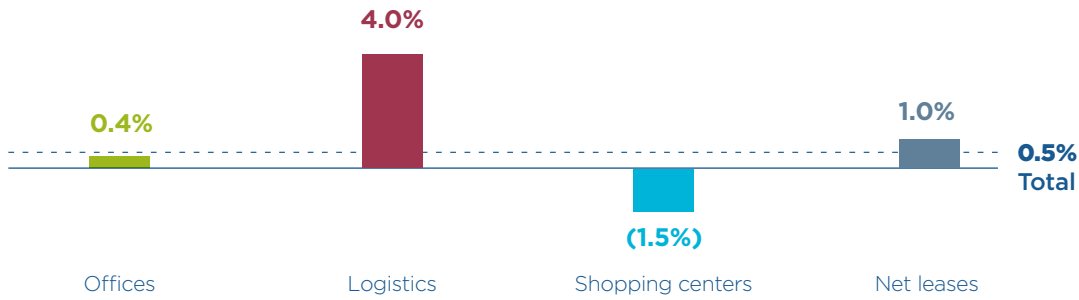
- 3PL mono-client **39%**
- 3PL multi-client **37%**
- End user **24%**





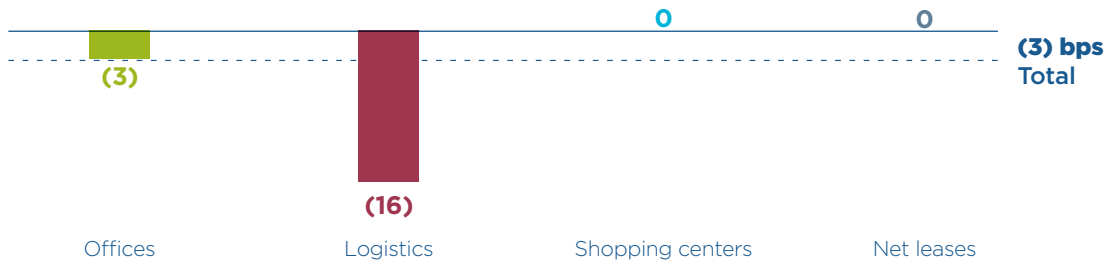
## GAV EVOLUTION

GAV has increased by € 82m, raising from a GAV of € 12,811m as of 31 December 2020 to € 12,893m. The like-for-like increase of GAV from 31 December 2020 is 0.5%



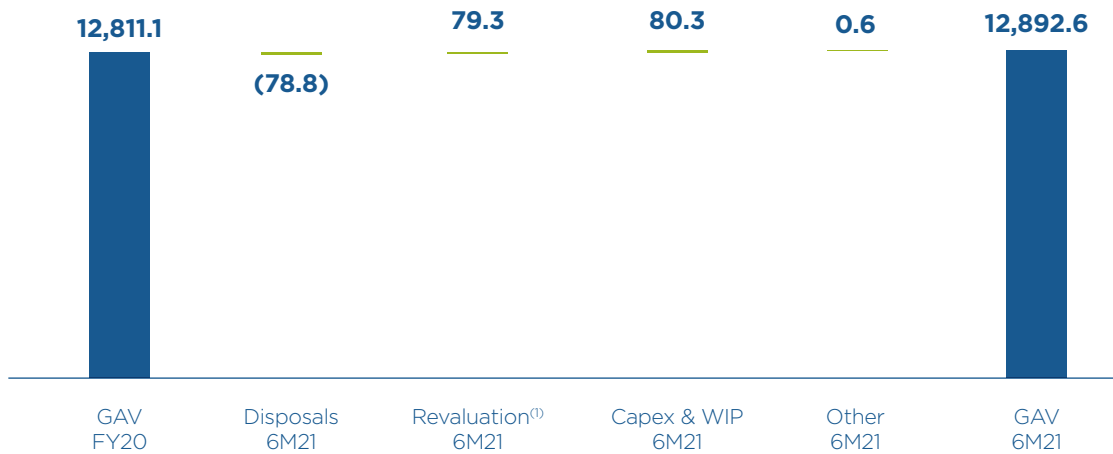
## YIELD EXPANSION / (COMPRESSION)

Exit yields have compressed by 3 bps since December 2020



## GAV BRIDGE

(€ millions)



<sup>(1)</sup> + € 79m revaluation 6M21 = + € 30m P&L revaluation + € 16m equity method revaluation + € 34m Tree derivative - € 1m IFRS 16 adjustment

# 05

## Financial statements



## Financial statements

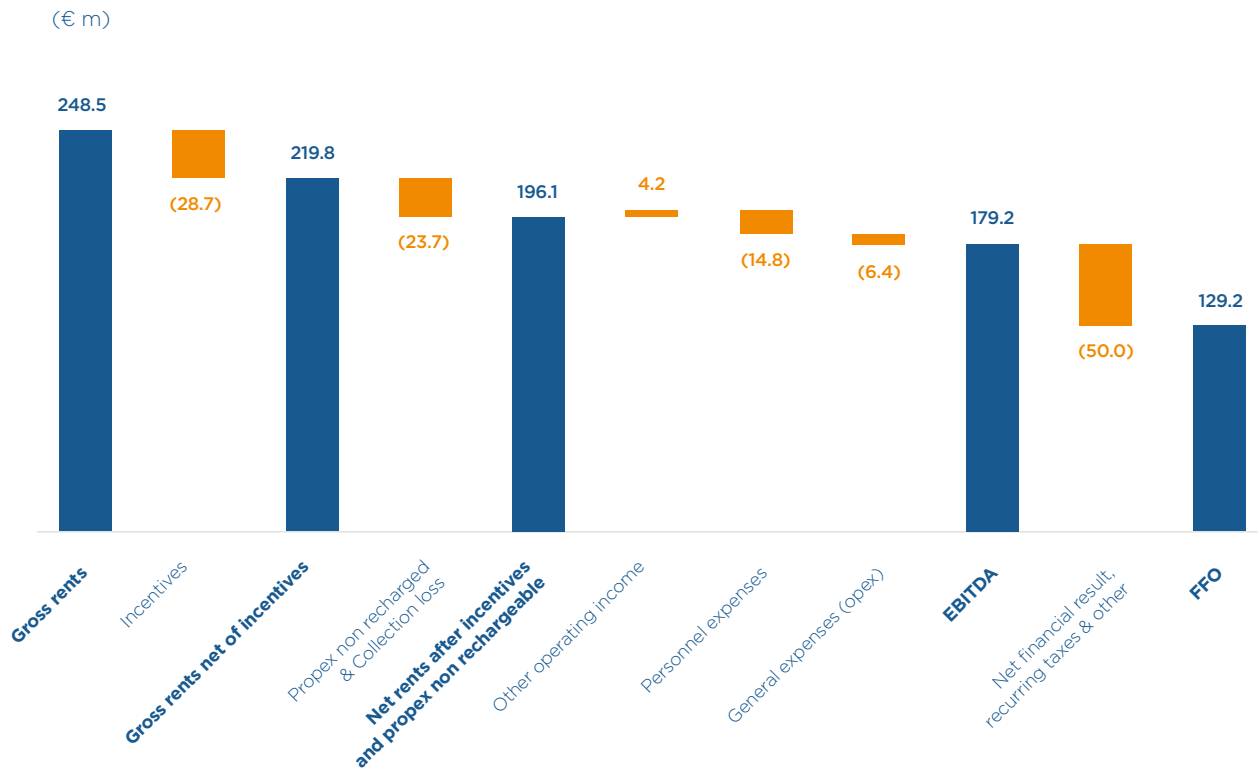
### CONSOLIDATED INCOME STATEMENT

| (€ thousand)                                       | 30/06/2021      | 30/06/2020      |
|--|-----------------|-----------------|
| <b>Gross rents</b>                                 | <b>248,453</b>  | <b>256,599</b>  |
| Offices  | 111,513         | 117,951         |
| Logistics  | 32,230          | 28,793          |
| Shopping centers                                   | 57,154          | 60,587          |
| Net Leases   | 43,020          | 43,451          |
| Other  | 4,537           | 5,818           |
| <b>Other income</b>                                | <b>4,248</b>    | <b>2,764</b>    |
| <b>Total Revenues</b>                              | <b>252,701</b>  | <b>259,363</b>  |
| Incentives   | (9,067)         | (7,616)         |
| Covid-19 relief                                    | (19,611)        | (27,807)        |
| <b>Total Operating Expenses</b>                    | <b>(52,072)</b> | <b>(52,295)</b> |
| Propex (non-recoverable expenses)                  | (23,669)        | (22,507)        |
| Personnel expenses                                 | (14,755)        | (11,236)        |
| Opex general expenses                              | (6,391)         | (6,084)         |
| Opex non-overheads                                 | (1,671)         | (2,365)         |
| LTIP Provision                                     | (5,586)         | (10,103)        |
| <b>ACCOUNTING EBITDA</b>                           | <b>171,951</b>  | <b>171,645</b>  |
| Depreciation                                       | (767)           | (734)           |
| Gain / (losses) on disposal of assets              | (2,272)         | (14,159)        |
| Provisions   | 1,614           | (368)           |
| Change in fair value of investment property        | 30,409          | 31,962          |
| <b>EBIT</b>  | <b>200,935</b>  | <b>188,346</b>  |
| Net financial expenses                             | (58,274)        | (61,885)        |
| Debt amortization costs                            | (7,339)         | (8,414)         |
| Gain/(losses) on disposal of financial instruments | (219)           | (10)            |
| Change in fair value of financial instruments      | 39,479          | (39,889)        |
| Share in earnings of equity method instruments     | 14,774          | (8,346)         |
| <b>PROFIT BEFORE TAX</b>                           | <b>189,357</b>  | <b>69,802</b>   |
| Income taxes                                       | 979             | 1,142           |
| <b>PROFIT (LOSS) FOR THE PERIOD</b>                | <b>190,336</b>  | <b>70,944</b>   |
| Minorities   | -               | -               |
| <b>PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE</b>   | <b>190,336</b>  | <b>70,944</b>   |

## I NOTES TO THE CONSOLIDATED INCOME STATEMENT

Gross rents (€ 248,453 thousand) less incentives of € 28,678 thousand equals to gross rents net of incentives of € 219,775 thousand. After deducting portfolio operating expenses not recharged to the tenants & collection loss (€ 23,669 thousand) the resulting amount is € 196,106 thousand of net rents. The total amount of operating expenses of the Company in the period is € 28,403 thousand, with the following breakdown:

- i. € 14,755 thousand correspond to personnel expenses
- ii. € 6,391 thousand of Opex general expenses
- iii. € 5,586 thousand corresponding to the 2017-2019 long-term incentive plan (LTIP), already expired and the extraordinary incentive of 2021
- iv. € 1,671 thousand of Opex non-overheads operating expenses. The reconciliation between gross rents of the period and FFO is as follows:



## CONSOLIDATED BALANCE SHEET

(€ thousand)

| ASSETS   | 30/06/2021        | EQUITY AND LIABILITIES              | 30/06/2021        |
|--|-------------------|-------------------------------------|-------------------|
| <b>NON CURRENT ASSETS</b>                                | <b>13,048,418</b> | <b>EQUITY</b>                       | <b>6,759,376</b>  |
| Intangible assets  | 1,044             | Subscribed capital                  | 469,771           |
| Property, plant and equipment                            | 7,413             | Share premium                       | 3,647,876         |
| Investment property                                      | 12,171,363        | Reserves                            | 2,562,670         |
| Investments accounted for using the equity method        | 446,034           | Treasury stock                      | (32,309)          |
| Non-current financial assets                             | 335,828           | Other equity holder contributions   | 540               |
| Deferred tax assets                                      | 86,736            | Interim dividend                    | -                 |
|  |                   | Profit for the period               | 190,336           |
|  |                   | Valuation adjustments               | (79,508)          |
|  |                   | Minorities                          | -                 |
|  |                   | <b>NON-CURRENT LIABILITIES</b>      | <b>6,512,631</b>  |
|  |                   | Long term debt                      | 5,824,058         |
|  |                   | Long term provisions                | 7,331             |
|  |                   | Deferred tax liabilities            | 681,242           |
| <b>CURRENT ASSETS</b>                                    | <b>936,450</b>    | <b>CURRENT LIABILITIES</b>          | <b>712,861</b>    |
| Trade and other receivables                              | 38,699            | Short term debt                     | 608,221           |
| Short term investments in group companies and associates | 83,842            | Short term provisions               | -                 |
| Short-term financial assets                              | 73,470            | Trade and other payables            | 81,619            |
| Cash and cash equivalents                                | 680,328           | Other current liabilities           | 23,021            |
| Other current assets                                     | 60,111            |                                     |                   |
| <b>TOTAL ASSETS</b>                                      | <b>13,984,868</b> | <b>TOTAL EQUITY AND LIABILITIES</b> | <b>13,984,868</b> |

## I NOTES TO THE CONSOLIDATED BALANCE SHEET

Fair value of the portfolio corresponds to the appraisal value delivered by CBRE, Savills and JLL as of 30 June 2021. The referred appraisal value is reflected in the following accounting Items:

| € million                                   | Notes |                 |
|---|-------|-----------------|
| Investment property                         | 6     | 12,171.4        |
| Derivatives (in non-current assets)         | 9     | 141.8           |
| Equity method                               | 8     | 446.0           |
| Non current financial assets <sup>(1)</sup> | n.a.  | 104.2           |
| Non-current assets                          | n.a.  | 0.9             |
| Inventory <sup>(2)</sup>                    | n.a.  | 21.2            |
| <b>Total balance sheet items</b>            |       | <b>12,885.5</b> |
| IFRS-16 (concessions)                       | 6     | (32.9)          |
| Equity method adjustment                    | n.a.  | 39.7            |
| Non-current assets adjustment               | n.a.  | 0.4             |
| <b>Total valuation</b>                      |       | <b>12,892.6</b> |

## FINANCIAL DEBT

### I FINANCIAL DEBT BREAKDOWN

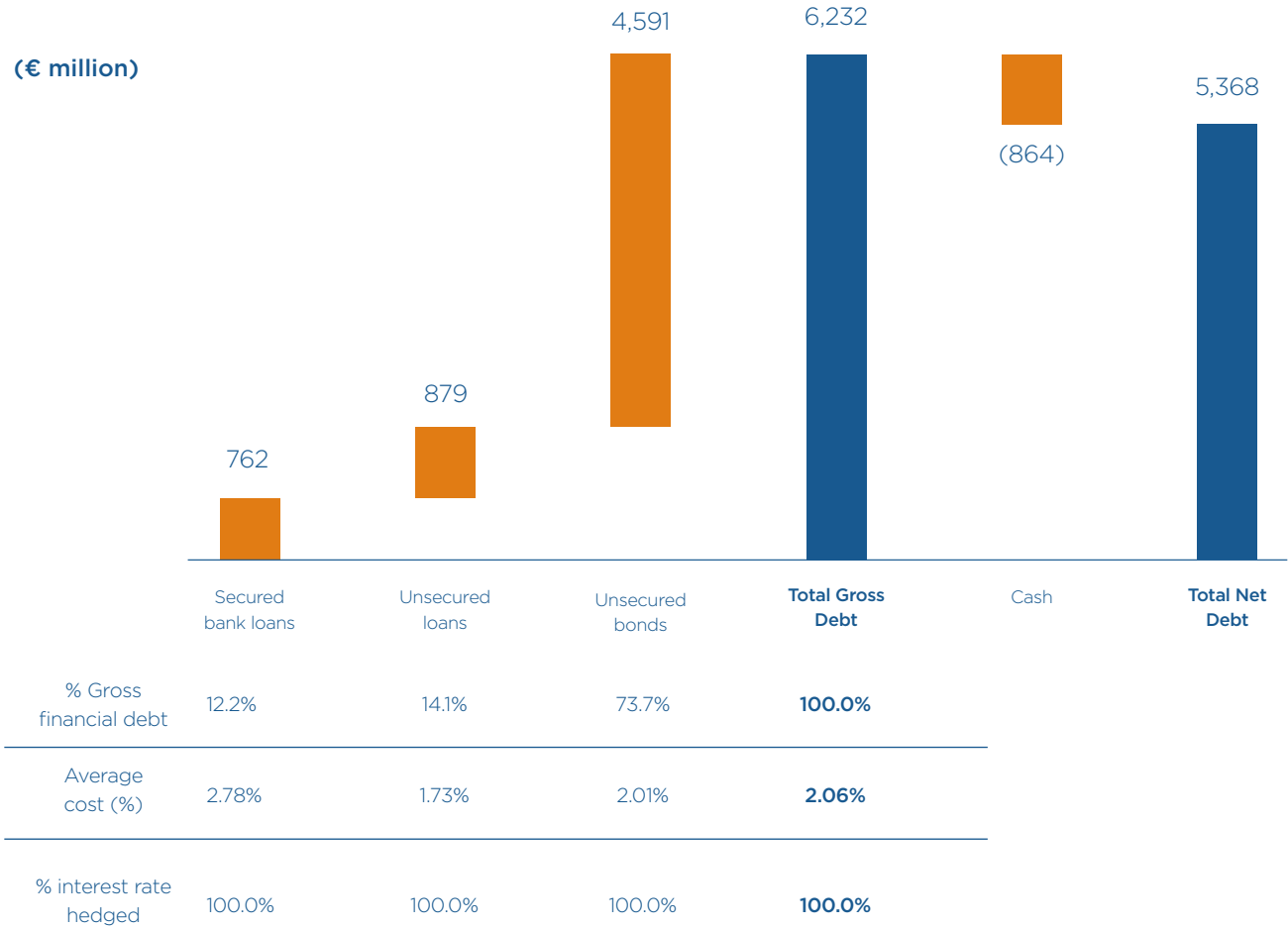
| € Thousand  | Long term        | Short term     | Total            |
|---|------------------|----------------|------------------|
| Financial debt                                    | 5,672,399        | 559,257        | 6,231,655        |
| Loan arrangement costs                            | (92,674)         | (1,073)        | (93,747)         |
| Debt interest expenses                            | -                | 40,860         | 40,860           |
| Mark-to-market of interest-rate hedging contracts | 99,353           | 995            | 100,348          |
| Other financial liabilities (i.e. legal deposits) | 140,029          | 6,383          | 146,412          |
| <b>Total debt</b>                                 | <b>5,819,107</b> | <b>606,421</b> | <b>6,425,528</b> |

<sup>(1)</sup> Includes DCN loan and Aedas stake

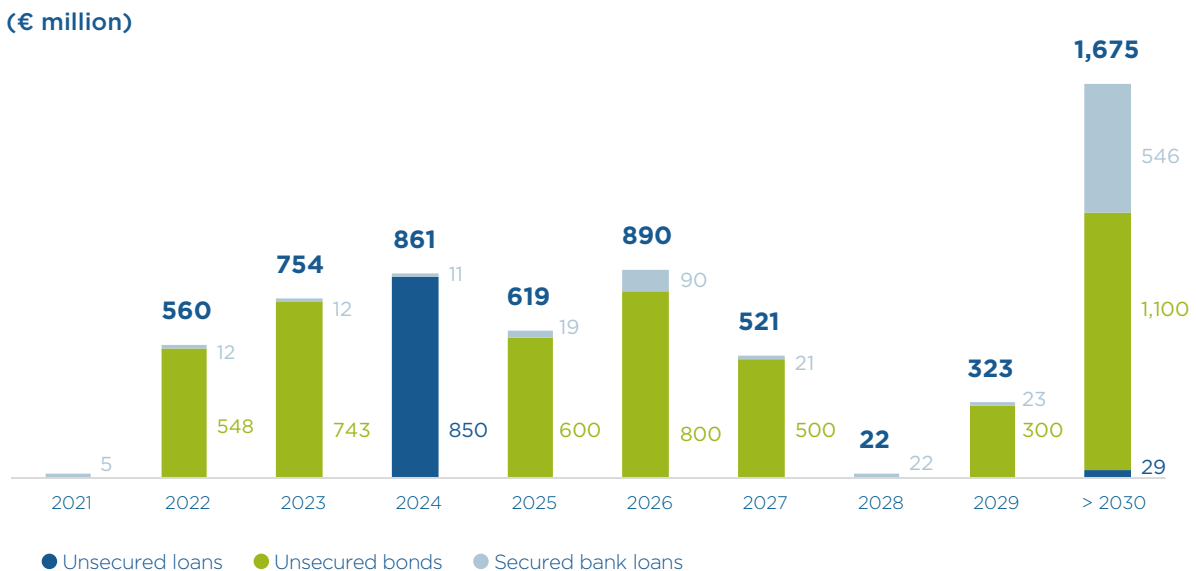
<sup>(2)</sup> Net value paid by MERLIN. Total inventory amounts to € 36.2m as of 6M21



MERLIN's net financial debt as of 30 June is € 5,368m. This implies a Loan To Value of 40.5% including transfer costs, which represents an increase of 56 bps since 31/12/2020 (39.9%). The breakdown of MERLIN's debt is the following:



MERLIN'S debt has an average maturity period of 5.9 years. The chart showing debt maturity profile is the following



MERLIN's debt as of 30 June has an average cost of 2.06% (spot 1.76% plus derivatives cost). Nominal debt with interest rate hedged amounts to 100.0%. Key debt ratios are shown below:

| (€ million)                         | 30/06/2021         | 31/12/2020 |
|-------------------------------------|--------------------|------------|
| Gross financial debt                | 6,232              | 5,735      |
| Cash and equivalents <sup>(1)</sup> | (864)              | (467)      |
| Net financial debt                  | 5,368              | 5,268      |
| GAV                                 | 12,893             | 12,811     |
| LTV                                 | 40.5%              | 39.9%      |
| Av. Interest rate                   | 2.06% (1.76% spot) | 2.12%      |
| Hedged debt                         | 100.0%             | 99.8%      |
| Av. Maturity (years)                | 5.9                | 6.0        |
| Liquidity <sup>(2)</sup>            | 1,650              | 1,253      |
| Non-mortgage debt                   | 87.8%              | 86.7%      |

<sup>(1)</sup> Includes cash and treasury stock (€ 32.3m), Juno's receivable (€ 70.0m) and Silicius receivable (€81.0m) in 6M21 and cash and treasury stock (€ 54.1m), Juno's receivable (€ 70.0m) and Silicius receivable (€86.5m) in FY20

<sup>(2)</sup> Includes available cash plus pending receivable of Juno & Silicius, treasury stock and undrawn credit facilities (€ 786m RCF and EIB loan) in 6M21 and in FY20





## SHAREHOLDERS RETURN

The Shareholder Return for a given period is equivalent to the sum of (a) the change in the EPRA NTA per share of the Company during such period; and (b) the total dividends per share (or any other form of remuneration or distribution to the Shareholders) that are paid in such period (the “Shareholder Return”).

The Shareholder Return Rate is defined as the Shareholder Return for a given period divided by the EPRA NTA per share of the Company at the beginning of period (the “Shareholder Return Rate”). In accordance with these definitions, the Shareholder Return YTD for 2021 amounts to € 0.39 per share (or € 181m of value created in absolute terms) and the Shareholder Return Rate amounts to 2.5%.

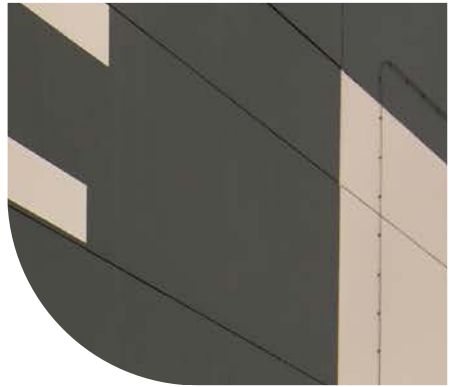
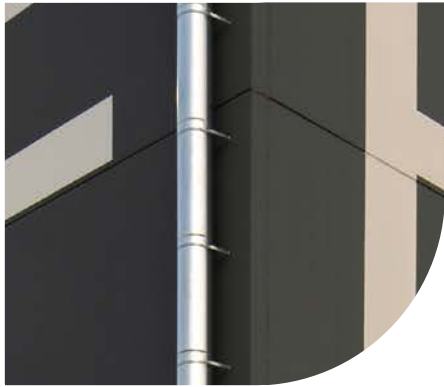
|                                       | Per share (€) | € million    |
|---------------------------------------|---------------|--------------|
| <b>EPRA NTA 31/12/2020</b>            | <b>15.46</b>  | <b>7,263</b> |
| NTA growth in 6M21                    | 0.09          | 41           |
| <b>EPRA NTA 30/06/2021</b>            | <b>15.55</b>  | <b>7,304</b> |
| DPS                                   | 0.30          | 140          |
| NTA growth + DPS (Shareholder Return) | 15.85         | 7,444        |
| <b>Shareholder Return Rate</b>        | <b>2.5%</b>   | <b>2.5%</b>  |

Figures may not add up due to the rounding



# 06

## Post-Closing events

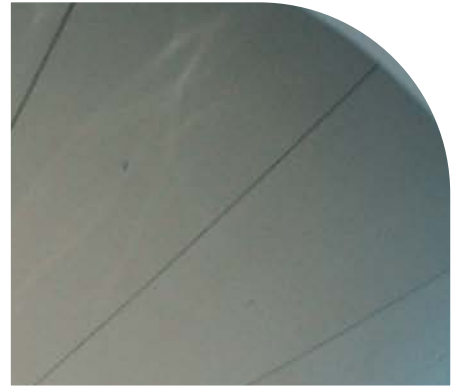


## Events Post-Closing

- On July 20<sup>th</sup>, **DCN signed the multilateral infrastructure agreement** with ADIF, Madrid townhall and Comunidad de Madrid (regional government). This urbanistic milestone fulfills the last condition precedent for the acquisition of the land

# 07

## EPRA Metrics



## EPRA Metrics

| Performance Measure                              | Definition  | 30/06/2021 |             |
|--|---|------------|-------------|
|  |   | € million  | € per share |
| EPRA Earnings                                    | Earnings from core operational activities   | 129.2      | 0.27        |
| NAV <sup>(1)</sup>                               | Net Asset Value (NAV) is calculated based on the consolidated shareholders' equity of the Group adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model, as per EPRA's recommendations | 7,401      | 15.75       |
| EPRA NRV   | EPRA Net Reinstatement Value: assumes that entities never sell assets and aims to represent the value required to rebuild the entity  | 7,775      | 16.55       |
| EPRA NTA   | EPRA Net Tangible Assets: assumes that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax   | 7,304      | 15.55       |
| EPRA NDV   | EPRA Net Disposal Value: represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax   | 6,619      | 14.09       |
| EPRA Net Initial Yield                           | Annualized rental income based on the cash passing rents at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with acquisition costs   | 3.8%       |             |
| EPRA "topped-up" NIY                             | Adjustment to the EPRA Net Initial Yield in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)   | 3.9%       |             |
| EPRA vacancy rate <sup>(2)</sup>                 | Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio   | 6.8%       |             |
| EPRA Cost ratio (including direct vacancy costs) | Running costs of the Company divided by recurring rents including direct vacancy costs  | 21.2%      |             |
| EPRA Cost ratio (excluding direct vacancy costs) | Running costs of the Company divided by recurring rents excluding direct vacancy costs  | 18.6%      |             |
| EPRA costs (excluding non-recurring costs)       | Recurring running costs of the Company divided by recurring rents   | 20.4%      |             |



MERLIN Properties has been awarded by EPRA with the gold award of best practices in financial reporting. It is the highest recognition for an outstanding compliance with the best practices.

EPRA (European Public Real Estate Association) or European Association of listed property companies which recommend the standards of best practices to be followed in the real estate sector. The method of calculation of these APMs is carried out following the indications established by EPRA.

<sup>(1)</sup> Formerly EPRA NAV.

<sup>(2)</sup> ERV of occupied units under operations €536.9m, ERV of vacant units under operations €39.4m

# 08

## Stock exchange evolution

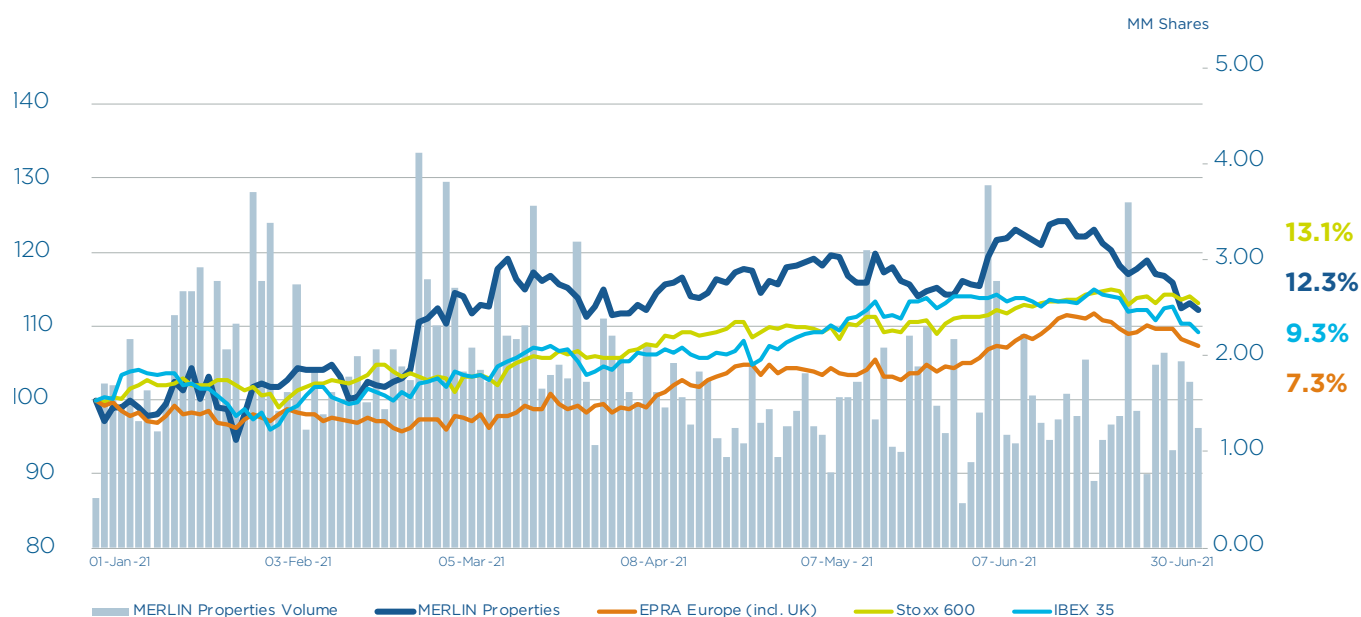


## Stock exchange evolution

MERLIN shares closed on 30 June 2021 at € 8.74, an increase of 12% versus 31 December 2020 closing price (€ 7.78).

### I MERLIN SHARE PRICE PERFORMANCE<sup>(1)</sup> VS REFERENCE INDICES

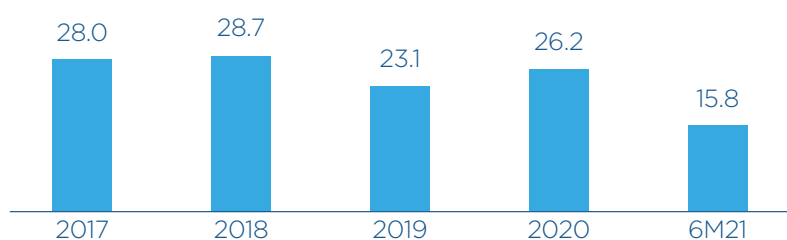
From 31<sup>st</sup> December 2020 to 30<sup>th</sup> June 2021, Rebased to 100



<sup>(1)</sup> Adjusted for any equity dilutive transactions

### I AVERAGE DAILY TRADING VALUE (€ m)

Average daily trading volume during the period has been € 15.8 million



As of the date of this report, MERLIN is covered by a wide variety of 22 equity research houses. Consensus target price is € 9.47

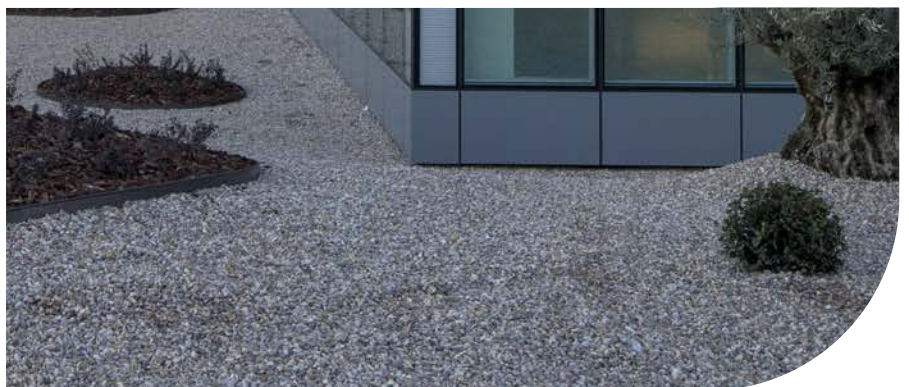
## I TARGET PRICES AND ANALYST RECOMMENDATIONS

| Broker   | Report date | Recommendation | Target Price |
|--|-------------|----------------|--------------|
|  Citi                         | 24-06-2021  | Sell           | 6.80         |
|  Sabadell                     | 16-06-2021  | Buy            | 11.33        |
|  Goldman Sachs                | 11-06-2021  | Sell           | 7.20         |
|  Kempen                       | 20-05-2021  | Neutral        | 9.50         |
|  ODDO BHF<br>ASSET MANAGEMENT | 17-05-2021  | Neutral        | 9.65         |
|  MIRABAUD                     | 14-05-2021  | Sell           | 8.50         |
|  SOCIETE<br>GENERALE          | 06-05-2021  | Neutral        | 10.00        |
|  Kepler<br>Cheuvreux         | 26-04-2021  | Buy            | 10.30        |
| ALANTRA  | 23-04-2021  | Buy            | 10.95        |
|  BARCLAYS                   | 15-04-2021  | Buy            | 9.90         |
| bankinter.   | 07-04-2021  | Neutral        | 9.47         |
|  intermoney<br>valores sv   | 13-03-2021  | Buy            | 12.00        |
|  Green Street<br>Advisors   | 23-02-2021  | Buy            | 6.71         |
|  JBCapitalMarkets           | 10-02-2021  | Neutral        | 10.00        |
|  BANK OF AMERICA            | 18-01-2021  | Buy            | 9.00         |
|  BESTINVER<br>acciona       | 01-12-2020  | Buy            | 9.95         |
|  UBS                        | 06-11-2020  | Buy            | 9.00         |
| Morgan Stanley   | 03-09-2020  | Neutral        | 8.00         |
|  BPI<br>Grupo Citibank      | 05-08-2020  | Buy            | 9.55         |
| renta4   | 13-07-2020  | Buy            | 9.90         |
|  Santander                  | 11-06-2020  | Buy            | 9.60         |
| J.P.Morgan   | 01-04-2020  | Buy            | 11.00        |
| <b>Total Average</b>   |             |                | <b>9.47</b>  |





# Appendix



## EPRA METRICS

### I EPRA EARNINGS

| (€ thousand)  | Notes  |                |
|---|--|----------------|
| <b>Consolidated net profit in accordance with IFRS</b>                      |  | <b>190,336</b> |
| Adjustments to calculate EPRA earnings                                      |  | (68,430)       |
| (i) changes in value of investment properties                               | Consolidated income statement <sup>(1)</sup> | (31,256)       |
| (ii) gain/(losses) on disposal of assets                                    | Consolidated income statement                | 2,272          |
| (iii) absorption of revaluation on investment properties                    |  | -              |
| (iv) non recurring taxes  | n.a. <sup>(2)</sup>                          | (2,385)        |
| (v) share in equity method investees  | n.a. <sup>(3)</sup>                          | (6,040)        |
| (vi) difference in business combination                                     | n.a.   | -              |
| (vii) changes in fair value of financial instruments and cancellation costs | n.a. <sup>(4)</sup>                          | (31,240)       |
| (viii) impairment of fiscal credit  |  | -              |
| (ix) gain/(losses) on disposal of financial instruments                     | Consolidated income statement                | 219            |
| Minority interests in respect of previous adjustments                       |  | -              |
| <b>EPRA net earnings pre-specific adjustments</b>                           |  | <b>121,906</b> |
| <b>EPRA net earnings per share pre-specific adjustments</b>                 |  | <b>0.26</b>    |
| <b>Company specific adjustments:</b>  |  | <b>7,257</b>   |
| (i) LTIP provision  |  | 5,586          |
| (ii) Opex non-overheads   | 13 c   | 1,671          |
| <b>EPRA net earnings post-specific adjustments</b>                          | 13 b and c                                   | <b>129,161</b> |
| <b>EPRA net earnings per share post-specific adjustments</b>                |  | <b>0.27</b>    |

EPRA (European Public Real Estate Association) or European Association of listed property companies which recommend the standards of best practices to be followed in the real estate sector. The method of calculation of these APMs is carried out following the indications established by EPRA.

<sup>(1)</sup> Including the change in fair value of investment property, depreciation, and provisions

<sup>(2)</sup> Mainly deferred taxes that are not expected to have a cash impact in the short to mid term

<sup>(3)</sup> Difference between the share in earnings of equity method instruments (Consolidated income statement) and the attributable FFO of the subsidiaries

<sup>(4)</sup> Change in fair value of financial instruments (Consolidated income statement) + debt amortization costs (Consolidated income statement) + IFRS16 Adjustment (defined in the reconciliation of the alternative performances measures table)

## I EPRA NRV, NTA AND NDV

(€ million)

| EPRA Net Asset Value Metrics                                      | EPRA NRV       | EPRA NTA       | EPRA NDV       | NAV <sup>(1)</sup> |
|---|----------------|----------------|----------------|--------------------|
| <i>IFRS Equity attributable to shareholders</i>                   | 6,759.4        | 6,759.4        | 6,759.4        | 6,759.4            |
| Include / Exclude:  |                |                |                |                    |
| <i>i) Hybrid instruments</i>                                      | -              | -              | -              | -                  |
| <b>Diluted NAV</b>  | <b>6,759.4</b> | <b>6,759.4</b> | <b>6,759.4</b> | <b>6,759.4</b>     |
| Include:  |                |                |                |                    |
| <i>ii.a) Revaluation of IP (if IAS 40 cost option is used)</i>    | -              | -              | -              | -                  |
| <i>ii.b) Revaluation of IPUC1 (if IAS 40 cost option is used)</i> | -              | -              | -              | -                  |
| <i>ii.c) Revaluation of other non-current investments</i>         | 40.1           | 40.1           | 40.1           | 40.1               |
| <i>iii) Revaluation of tenant leases held as finance leases</i>   | -              | -              | -              | -                  |
| <i>iv) Revaluation of trading properties</i>                      | -              | -              | -              | -                  |
| <b>Diluted NAV at Fair Value</b>                                  | <b>6,799.5</b> | <b>6,799.5</b> | <b>6,799.5</b> | <b>6,799.5</b>     |
| Exclude:  |                |                |                |                    |
| <i>v) Deferred tax in relation to fair value gains of IP</i>      | 594.5          | 499.1          | -              | 594.5              |
| <i>vi) Fair value of financial instruments</i>                    | 6.7            | 6.7            | -              | 6.7                |
| <i>vii) Goodwill as a result of deferred tax</i>                  | -              | -              | -              | -                  |
| <i>viii.a) Goodwill as per the IFRS balance sheet</i>             |                | -              | -              |                    |
| <i>viii.b) Intangibles as per the IFRS balance sheet</i>          |                | (1.0)          |                |                    |
| Include:  |                |                |                |                    |
| <i>ix) Fair value of fixed interest rate debt</i>                 |                |                | (180.3)        |                    |
| <i>x) Revaluation of intangibles to fair value</i>                | -              |                |                |                    |
| <i>xi) Real estate transfer tax</i>                               | 374.7          | -              | -              | -                  |
| <b>NAV</b>  | <b>7,775.4</b> | <b>7,304.2</b> | <b>6,619.2</b> | <b>7,400.7</b>     |
| Fully diluted number of shares                                    | 469.8          | 469.8          | 469.8          | 469.8              |
| <b>NAV per share</b>  | <b>16.55</b>   | <b>15.55</b>   | <b>14.09</b>   | <b>15.75</b>       |

## I EPRA YIELDS

| (€ million)                              | Notes      | Offices        | Logistics      | Shopping centers |
|--|------------|----------------|----------------|------------------|
| <b>Asset value</b>                       | <b>A</b>   | <b>6,349.1</b> | <b>1,219.2</b> | <b>2,185.4</b>   |
| Transfer tax                             |            | 161.5          | 41.8           | 75.7             |
| <b>Gross asset value</b>                 | <b>B</b>   | <b>6,510.7</b> | <b>1,261.0</b> | <b>2,261.1</b>   |
| Exclude                                  |            |                |                |                  |
| WIP & Land                               |            | (388.7)        | 0.0            | 0.0              |
| <b>Commercial property portfolio GAV</b> | <b>C</b>   | <b>6,121.9</b> | <b>1,261.0</b> | <b>2,261.1</b>   |
| <b>Gross rents annualized</b>            | <b>D</b>   | <b>234.6</b>   | <b>62.1</b>    | <b>111.1</b>     |
| Exclude:                                 |            |                |                |                  |
| Propex not recharged to tenants          |            | (21.2)         | (5.2)          | (14.6)           |
| <b>“Topped-up” net rents annualized</b>  | <b>E</b>   | <b>213.4</b>   | <b>56.9</b>    | <b>96.4</b>      |
| Exclude:                                 |            |                |                |                  |
| Incentives                               |            | (8.5)          | (1.3)          | (4.2)            |
| <b>Net rents annualized</b>              | <b>F</b>   | <b>204.8</b>   | <b>55.6</b>    | <b>92.2</b>      |
| <b>EPRA “topped-up” yield</b>            | <b>E/C</b> | <b>3.5%</b>    | <b>4.5%</b>    | <b>4.3%</b>      |
| <b>EPRA net initial yield</b>            | <b>F/C</b> | <b>3.3%</b>    | <b>4.4%</b>    | <b>4.1%</b>      |

<sup>(1)</sup> Calculated as per the previous EPRA NAV definition. From now onwards, MERLIN will report the 3 new EPRA NAV measures: EPRA NRV, EPRA NTA and EPRA NDV



| Net Leases     | Other        | WIP          | TOTAL           |
|----------------|--------------|--------------|-----------------|
| <b>1,864.3</b> | <b>421.3</b> | <b>263.4</b> | <b>12,302.6</b> |
| 57.2           | 8.8          | 16.2         | 361.2           |
| <b>1,921.5</b> | <b>430.1</b> | <b>279.5</b> | <b>12,663.9</b> |
| 0.0            | (112.4)      | (279.5)      | (780.6)         |
| <b>1,921.5</b> | <b>317.7</b> | <b>0.0</b>   | <b>11,883.3</b> |
| <b>86.1</b>    | <b>10.4</b>  | <b>0.0</b>   | <b>504.2</b>    |
| (0.0)          | (1.5)        | 0.0          | (42.5)          |
| <b>86.1</b>    | <b>8.9</b>   | <b>0.0</b>   | <b>461.7</b>    |
| (0.3)          | (0.6)        | 0.0          | (15.0)          |
| <b>85.7</b>    | <b>8.3</b>   | <b>0.0</b>   | <b>446.7</b>    |
| <b>4.5%</b>    | <b>2.8%</b>  | <b>0.0%</b>  | <b>3.9%</b>     |
| <b>4.5%</b>    | <b>2.6%</b>  | <b>0.0%</b>  | <b>3.8%</b>     |

## EPRA COST RATIO

| (€ thousand)   | Notes  | 30/06/2021      |
|--|--|-----------------|
| Property expenses not recharged to tenants                         | 13 b   | (21,269)        |
| Collection loss  | 13 b   | (2,400)         |
| Personnel expenses   | 13 c   | (20,341)        |
| Opex general expenses  | 13 b   | (6,391)         |
| Opex non-overheads   | 13 b and 13 c                                | (1,671)         |
| LTIP accrual   | 13 c   | 5,586           |
| <b>Exclude:</b>  |  |                 |
| Investment property depreciation                                   |  | -               |
| Ground rent costs  |  | -               |
| Service charge recovered through rents but not invoiced separately |  | -               |
| Expenses related to 3rd party asset management services            |  | -               |
| <b>EPRA Cost ratio (including direct vacancy costs)</b>            |  | <b>(46,486)</b> |
| Gross rents  | n.a  | 248,453         |
| Less: incentives   | Consolidated income statement <sup>(1)</sup> | (28,678)        |
| Less: ground rent costs  |  | 0               |
| <b>Gross rental income</b>   | 4 c  | 219,775         |
| <b>EPRA Cost ratio (including direct vacancy costs)</b>            |  | <b>21.2%</b>    |
| <b>EPRA Cost ratio (excluding direct vacancy costs)</b>            |  | <b>18.6%</b>    |

As per MERLIN's policy the company does not capitalize overheads or operating expenses

<sup>(1)</sup> Incentives + Covid-19 relief

## ALTERNATIVE PERFORMANCE MEASURES

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA), the alternative performance measures (“APM”) are described as follows.

### GLOSSARY

#### Average debt maturity (years)

This APM represents the average debt duration of the Company until maturity.

It is a relevant metric as it provides the investor with the relevant information about the repayment commitments of the financial liabilities.

It is calculated as the addition of the pending years to maturity of each loan multiplied by its outstanding loan amount and divided by the total outstanding amount of all loans.

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements but the main information is available in the consolidated financial statements.

#### Passing rent

It represents the rent per square meter per month at which an asset or category of assets are rented at a moment in time.

The average passing rent is a relevant performance metric as it shows the implied rents of all the prevailing lease contracts of the company at a moment in time per square meter and per month enabling the comparison with market rents.

Given the nature of the metric, it is not possible to reconcile it with the financial statements.

#### Release spread

Difference between the new rent signed and the old prevailing rent on renewals (same space, same tenant) or relets (same space, different tenant) during last twelve months.

The release spread provides the investor with a view on the prospective rental behaviour when negotiating with the tenants.

It is calculated on a lease by lease basis and therefore it is not possible to reconcile it with the financial statements.

#### Rents Like-for-like (LfL)

Amount of the gross rents comparable between two periods. It is calculated on an asset by asset basis excluding from both periods the rents derived from acquisitions or disposals executed in such periods as well as other adjustments like early termination penalties from lease contracts.

We consider the rental like-for-like growth a relevant metric to understand the evolution of rents of an

asset or an asset category.

It is calculated on an asset by asset basis and therefore it is not possible to reconcile it with the financial statements.

#### Gross annualized rents

Passing rent as of the balance sheet date multiplied by 12.

We consider the gross annualized rents a relevant performance metric as it represents the total amount of rents of the prevailing lease contracts at a given time enabling the calculation of the return of each asset (Gross yield).

Given the nature of the metric, it is not possible to reconcile it with the financial statements.

#### GAV

The GAV is the Gross Asset Value as of the latest available valuation report plus the advanced payments of turn-key projects and developments at cost.

The GAV is a standard valuation metric for comparison purpose, recognized on a global basis in the real estate sector, and performed by an independent external appraisal.

The reconciliation with the financial statements appears in Section 5 of this report (Notes to the consolidated balance sheet).

#### Gross yield

It represents the return of an asset or category of assets. It is calculated by dividing the annualized gross rent between the latest available GAV.

#### Wault

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from the date balance sheet, until the lease contract first break weighted by the gross rent of each individual contract.

We consider the Wault a relevant metric as it provides the investor with the average term of secured leases and gives a sense of risk or opportunity to renegotiate the prevailing lease contracts.

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements.

#### Revenues

Is the addition of the total gross rent income, and the other operating income excluding extraordinary.

The reconciliation with IFRS appears in the table thereafter.

#### Accounting EBITDA

The accounting EBITDA is calculated as the net operating income before net revaluations, amortizations, provisions, interest and taxes.

The accounting EBITDA is a performance metric widely used by investors to value companies, as well as the rating agencies and creditors to evaluate the level of indebtedness.

The reconciliation with IFRS metrics appears in the table hereafter.

#### **EBITDA**

The EBITDA is calculated as the Accounting EBITDA deducting the “non-overheads” costs and the LTIP Provision.

The EBITDA is a very useful metric as it excludes the impact of “non-overheads” costs incurred in the period. The “non-overheads” costs are the ones related to the acquisition and disposal of assets and indemnities among others (as described in the IPO prospectus).

The reconciliation with IFRS metrics appears in the table hereafter.

#### **Accounting FFO and FFO**

Accounting FFO or Accounting Funds From Operations is calculated as EBITDA less debt interest expenses and taxes (excluding taxes from disposals or other events).

FFO is calculated deducting the non-overheads costs of the company from the Accounting FFO.

It is a relevant performance and liquidity metric recognized on a global basis in the real estate sector.

**MERLIN Properties, as a member of EPRA (European Public Real Estate Association), follows EPRA's best practices reporting standards which enables the investor to better compare certain performance metrics that are specific to the real estate sector. This metrics are released on a semi-annual basis and detailed in the management report.**

#### **EPRA costs**

It is calculated as total operating costs of the company divided by the gross rents net of incentives.

This performance metric shows the operating efficiency on a recurring basis.

The reconciliation with the Financial Statements appears in the Appendix of this report.

#### **EPRA Earnings**

Earnings from core operational activities as per EPRA's recommendations.

The reconciliation with the Financial Statements appears in the Appendix of this report.

#### **EPRA NRV, EPRA NTA and EPRA NDV**

EPRA Net Reinstatement Value: Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA Net Tangible Assets: Assumes that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax.

EPRA Net Disposal Value: Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

#### **EPRA Yields**

Net Initial Yield: Annualized rental income based on the passing rents at the balance sheet date, less non recoverable property operating expenses, divided by the market value of the property (GAV) increased with acquisition costs.

EPRA “Topped-up” NIY: Adjustment to the EPRA Net Initial Yield in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

These are two relevant performance metrics widely used to compare the return of the real estate assets in the portfolio, based on the prevailing lease contracts at a given date regardless of the financial structure of the company as per EPRA's recommendations.

The calculation is provided in the Appendix of this report.

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements.

#### **EPRA Vacancy Rate**

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements.

#### **Net financial debt**

Net financial debt (or net debt) is a financial metric calculated by subtracting the cash (cash and equivalents, treasury stock and receivables from asset sales) from the notional amount owned by the consolidated group to financial institutions or entities and bond holders (gross financial debt)

Provides information about the indebtedness of a company, as it provides the amount owed to financial institutions and bond holders after deducting cash

#### **LTV**

Loan to Value (LTV) is a financial metric that compares the net financial debt at a given time with the Gross Asset Value (GAV) including transfer costs (Real estate transfer tax as per the EPRA NRV table)

Provides information about the indebtedness of a company, as it compares the value of the real estate assets with the total amount of financial debt



## I RECONCILIATION OF THE ALTERNATIVE PERFORMANCE MEASURES WITH CONSOLIDATED FINANCIAL STATEMENTS

| (€ thousand)  | Notes                         | 6M21           | 6M20           |
|---|-------------------------------|----------------|----------------|
| Total revenues                                      | 4 c                           | 222,276        | 223,927        |
| Other operating income                              | Consolidated income statement | 2,929          | 1,390          |
| Personel expenses                                   | 13 c                          | (20,493)       | (21,339)       |
| Other operating expenses                            | 13 b                          | (32,761)       | (32,333)       |
| <b>Accounting EBITDA</b>                            |                               | <b>171,951</b> | <b>171,645</b> |
| <i>Costs related to acquisition and disposals</i>   | 13 b                          | 999            | 1,544          |
| <i>Other costs</i>                                  | 13 b <sup>(1)</sup>           | 520            | 820            |
| <i>Severances</i>                                   | 13 c                          | 152            | 0              |
| Non-overhead costs                                  | 13 b and 13 c                 | 1,671          | 2,365          |
| Long term incentive plan                            | 13 c                          | 5,586          | 10,103         |
| <b>EBITDA</b>                                       |                               | <b>179,207</b> | <b>184,113</b> |
| Financial expenses excluding debt arrangement costs | Consolidated income statement | (58,274)       | (61,885)       |
| Equity method net income                            | n.a <sup>(2)</sup>            | 8,734          | 7,481          |
| IFRS16 Adjustment                                   | n.a <sup>(3)</sup>            | 900            | 4,932          |
| Current taxes                                       | n.a <sup>(4)</sup>            | (1,406)        | (375)          |
| <b>FFO</b>  |                               | <b>129,161</b> | <b>(2,365)</b> |
| Non-overhead costs                                  | 13 b and 13c                  | (1,671)        | 131,900        |
| <b>Accounting FFO</b>                               |                               | <b>127,490</b> | <b>308,338</b> |

| (€ thousand)                       |                               |                |                |
|------------------------------------|-------------------------------|----------------|----------------|
| Gross rental income                | Consolidated income statement | 248,453        | 256,599        |
| Revenue from rendering of services | 4 c                           | 2,501          | 2,750          |
| Other net operating income         | n.a                           | 1,746          | 13             |
| <b>Revenues</b>                    |                               | <b>252,701</b> | <b>259,363</b> |

<sup>(1)</sup> Included within the other costs

<sup>(2)</sup> Attributable FFO of the subsidiaries

<sup>(3)</sup> Mark-to-market of the leasehold obligations. By nature it is a non-cash financial expense (or income) arising from PLZF and Sevilla ZAL

<sup>(4)</sup> Taxes with a cash impact in the short to mid term

## LIST OF ASSETS

| Asset                           | Location | G.L.A<br>sqm AG |
|---------------------------------|----------|-----------------|
| Torre Castellana 259            | Madrid   | 21,390          |
| Castellana 280                  | Madrid   | 16,853          |
| Castellana 278                  | Madrid   | 14,468          |
| Castellana 93                   | Madrid   | 11,650          |
| Castellana 85                   | Madrid   | 16,474          |
| Plaza Pablo Ruíz Picasso*       | Madrid   | 31,576          |
| Alcala 40                       | Madrid   | 9,315           |
| Principe de Vergara 187         | Madrid   | 10,732          |
| Alfonso XI                      | Madrid   | 9,945           |
| Pedro de Valdivia 10            | Madrid   | 6,721           |
| Beatriz de Bobadilla 14         | Madrid   | 17,055          |
| Princesa 3                      | Madrid   | 17,810          |
| Princesa 5                      | Madrid   | 5,693           |
| Plaza de los Cubos              | Madrid   | 13,528          |
| Ventura Rodriguez 7             | Madrid   | 10,071          |
| Juan Esplandiú 11-13            | Madrid   | 28,008          |
| Eucalipto 33                    | Madrid   | 7,301           |
| Eucalipto 25                    | Madrid   | 7,368           |
| Santiago de Compostela 94       | Madrid   | 13,130          |
| Parking Princesa*               | Madrid   | -               |
| <b>Total Madrid Prime + CBD</b> |          | <b>269,087</b>  |
| Josefa Valcarcel 48             | Madrid   | 19,893          |
| Alvento                         | Madrid   | 32,928          |
| Cristalia                       | Madrid   | 11,712          |
| Trianon                         | Madrid   | 18,400          |
| Ribera del Loira 36-50          | Madrid   | 39,150          |
| Ribera del Loira 60             | Madrid   | 54,960          |
| Partenon 12-14                  | Madrid   | 19,609          |
| Partenon 16-18                  | Madrid   | 18,343          |
| Arturo Soria 128                | Madrid   | 3,226           |
| <b>Total Madrid NBA A2</b>      |          | <b>218,222</b>  |

\*Below ground surface has not been taken into account for G.L.A. purposes.



| Asset                         | Location | G.L.A<br>sqm AG |
|-------------------------------|----------|-----------------|
| Torre Chamartin               | Madrid   | 18,295          |
| Arturo Soria 343*             | Madrid   | 6,615           |
| Manoteras 18                  | Madrid   | 7,515           |
| Fuente de la Mora             | Madrid   | 4,482           |
| Aquamarina                    | Madrid   | 10,685          |
| Via Norte                     | Madrid   | 37,224          |
| María de Portugal 9-13        | Madrid   | 17,191          |
| Las Tablas                    | Madrid   | 27,184          |
| Avenida de Burgos 210**       | Madrid   | 7,376           |
| Manuel Pombo Angulo 20        | Madrid   | 3,623           |
| Avenida de Bruselas 24        | Madrid   | 9,163           |
| Avenida de Bruselas 26        | Madrid   | 8,895           |
| Avenida de Bruselas 33        | Madrid   | 33,718          |
| Avenida de Europa 1A          | Madrid   | 12,606          |
| Avenida de Europa 1B          | Madrid   | 10,495          |
| Maria de Portugal T2          | Madrid   | 17,139          |
| Adequa 1                      | Madrid   | 27,426          |
| Adequa 2***                   | Madrid   | 3,710           |
| Adequa 3                      | Madrid   | 15,937          |
| Adequa 5                      | Madrid   | 13,790          |
| Adequa 6                      | Madrid   | 13,789          |
| Adequa 4*                     | Madrid   | 15,793          |
| Adequa 7*                     | Madrid   | 32,109          |
| <b>Total Madrid NBA A1</b>    |          | <b>351,050</b>  |
| Francisco Delgado 9A          | Madrid   | 5,496           |
| Francisco Delgado 9B          | Madrid   | 5,400           |
| Atica 1                       | Madrid   | 7,080           |
| Atica 2                       | Madrid   | 5,644           |
| Atica 3                       | Madrid   | 5,746           |
| Atica 4                       | Madrid   | 4,936           |
| Atica 5                       | Madrid   | 9,526           |
| Atica 6                       | Madrid   | 3,434           |
| Atica XIX                     | Madrid   | 15,411          |
| PE Cerro Gamos                | Madrid   | 36,105          |
| Alvia                         | Madrid   | 23,567          |
| <b>Total Madrid Periphery</b> |          | <b>122,344</b>  |

\*Project under development

\*\*Including 1,200 sqm under development

\*\*\*Excluded from perimeter

| Asset                              | Location  | G.L.A<br>sqm AG |
|------------------------------------|-----------|-----------------|
| Diagonal 605                       | Catalonia | 14,853          |
| Diagonal 514                       | Catalonia | 9,664           |
| Diagonal 458                       | Catalonia | 4,174           |
| Plaza de Cataluña 9*               | Catalonia | 3,048           |
| Balmes 236-238                     | Catalonia | 6,187           |
| Vilanova 12-14                     | Catalonia | 16,494          |
| Gran Vía Cortes Catalanas 385      | Catalonia | 5,190           |
| Diagonal 211 (Torre Glòries)       | Catalonia | 37,614          |
| Diagonal 199                       | Catalonia | 5,934           |
| Llull 283 (Poble Nou 22@)          | Catalonia | 31,337          |
| Loom 22@ Ferreteria*               | Catalonia | 2,018           |
| <b>Total Barcelona Prime + CBD</b> |           | <b>136,512</b>  |
| WTC6                               | Catalonia | 14,461          |
| WTC8                               | Catalonia | 14,597          |
| Av. Parc Logistic 10-12 (PLZFA)    | Catalonia | 11,411          |
| Av. Parc Logistic 10-12 (PLZFB)    | Catalonia | 10,652          |
| <b>Total NBA WTC</b>               |           | <b>51,121</b>   |
| Sant Cugat I                       | Catalonia | 15,377          |
| Sant Cugat II                      | Catalonia | 10,008          |
| <b>Total Periphery</b>             |           | <b>25,385</b>   |
| Monumental                         | Lisbon    | 25,358          |
| Marques de Pombal 3                | Lisbon    | 12,461          |
| Torre Lisboa                       | Lisbon    | 13,715          |
| Central Office                     | Lisbon    | 10,310          |
| Torre Zen                          | Lisbon    | 10,207          |
| Art                                | Lisbon    | 22,150          |
| TFM                                | Lisbon    | 7,837           |
| Lisbon Expo                        | Lisbon    | 6,740           |
| <b>Total Lisbon Prime + CBD</b>    |           | <b>108,776</b>  |
| Nestlé                             | Lisbon    | 12,260          |
| <b>Total Lisbon NBA</b>            |           | <b>12,260</b>   |



| Asset                         | Location       | G.L.A<br>sqm AG   |
|-------------------------------|----------------|-------------------|
| Lerida - Mangraners           | Catalonia      | 3,228             |
| Zaragoza - Aznar Molina       | Zaragoza       | 4,488             |
| Sevilla - Borbolla            | Andalusia      | 13,037            |
| Granada - Escudo del Carmen   | Andalusia      | 2,040             |
| <b>TOTAL OFFICES</b>          |                | <b>1,317,550*</b> |
| Marineda                      | Galicia        | 100,577           |
| Arturo Soria                  | Madrid         | 6,069             |
| Centro Oeste                  | Madrid         | 10,876            |
| Tres Aguas                    | Madrid         | 67,940            |
| X-Madrid                      | Madrid         | 47,105            |
| Callao 5                      | Madrid         | 11,629            |
| Larios                        | Andalusia      | 37,956            |
| Porto Pi                      | Mallorca       | 32,795            |
| Artea                         | Basque Country | 25,922            |
| Arenas                        | Catalonia      | 31,905            |
| Vilamarina                    | Catalonia      | 32,191            |
| Saler                         | Valencian C.   | 29,286            |
| La Vital                      | Valencian C.   | 20,878            |
| Bonaire                       | Valencian C.   | 14,455            |
| Almada                        | Lisbon         | 60,098            |
| <b>TOTAL SHOPPING CENTERS</b> |                | <b>529,681</b>    |

\*Adequa 2 is excluded from the perimeter (1,321,260 if included)

| Asset                    | Location           | G.L.A<br>sqm AG  |
|--------------------------|--------------------|------------------|
| A2-Coslada               | Madrid             | 28,491           |
| A2-Coslada Complex       | Madrid             | 36,234           |
| A4-Getafe (Cla)          | Madrid             | 16,100           |
| A2-Meco I                | Madrid             | 35,285           |
| A4-Pinto I               | Madrid             | 11,099           |
| A4-Pinto II              | Madrid             | 58,990           |
| A4-Getafe (Gavilanes)    | Madrid             | 39,591           |
| A2-Meco II               | Madrid             | 59,814           |
| A2-San Fernando I        | Madrid             | 11,179           |
| A2-San Fernando II       | Madrid             | 33,592           |
| A2-San Fernando III*     | Madrid             | 98,924           |
| A4-Getafe (Data Center)* | Madrid             | 22.508           |
| A4-Seseña                | Castilla La Mancha | 28,731           |
| A2-Alovera               | Castilla La Mancha | 38,763           |
| A2-Azuqueca II           | Castilla La Mancha | 98,757           |
| A2-Azuqueca III*         | Castilla La Mancha | 51,000           |
| A2-Cabanillas I          | Castilla La Mancha | 70,134           |
| A2-Cabanillas II         | Castilla La Mancha | 15,078           |
| A2-Cabanillas III        | Castilla La Mancha | 21,879           |
| A2-Cabanillas Park I A   | Castilla La Mancha | 38,054           |
| A2-Cabanillas Park I B   | Castilla La Mancha | 17,917           |
| A2-Cabanillas Park I C   | Castilla La Mancha | 48,468           |
| A2-Cabanillas Park I D   | Castilla La Mancha | 47,892           |
| A2-Cabanillas Park I E   | Castilla La Mancha | 49,793           |
| A2-Cabanillas Park I F   | Castilla La Mancha | 20,723           |
| A2-Cabanillas Park II*   | Castilla La Mancha | 210,678          |
| A2-Cabanillas Park G     | Castilla La Mancha | 22.506           |
| A2-Cabanillas Park H-J*  | Castilla La Mancha | 70,488           |
| Barcelona-ZAL Port       | Catalonia          | 736,331          |
| Barcelona-Sant Esteve    | Catalonia          | 16,811           |
| Barcelona-PLZF           | Catalonia          | 131,624          |
| Zaragoza-Pedrola         | Zaragoza           | 21,579           |
| Zaragoza-Plaza           | Zaragoza           | 20,764           |
| Valencia*                | Valencian C.       | 96,572           |
| Valencia-Almussafes      | Valencian C.       | 26,613           |
| Valencia-Ribarroja       | Valencian C.       | 34,992           |
| Vitoria-Jundiz I         | Basque Country     | 72,717           |
| Vitoria-Jundiz II        | Basque Country     | 26,774           |
| Sevilla Zal              | Andalusia          | 138,777          |
| Sevilla Zal WIP*         | Andalusia          | 15,122           |
| Lisbon Park              | Lisbon             | 224,864          |
| <b>TOTAL LOGISTICS</b>   |                    | <b>2,866,206</b> |

\*Project under development



| Asset                          | Location       | G.L.A<br>sqm AG |
|--------------------------------|----------------|-----------------|
| Tree                           |                | 286,020         |
| Caprabo                        | Catalonia      | 64,252          |
| <b>TOTAL NET LEASES</b>        |                | <b>350,272</b>  |
| Eurostars Torre Castellana 259 | Madrid         | 31,800          |
| General Ampudia 12*            | Madrid         | -               |
| Yunque                         | Madrid         | 1,780           |
| San Francisco de Sales         | Madrid         | 171             |
| Local Plaza Castilla           | Madrid         | 311             |
| Locales Torre Madrid           | Madrid         | 4,344           |
| Torre Madrid residencial       | Madrid         | 120             |
| Novotel Diagonal 199           | Catalonia      | 15,332          |
| Jovellanos 91                  | Catalonia      | 4,067           |
| Rambla Salvador Sama 45-47-49  | Catalonia      | 1,140           |
| Hotel Marineda                 | Galicia        | 5,898           |
| Parking Palau*                 | Valencian C.   | -               |
| Bizcargi 11D                   | Basque Country | 46              |
| <b>TOTAL OTHER</b>             |                | <b>65,009</b>   |

\* Below ground surface has not been taken into account for G.L.A. purposes



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info@merlinprop.com  
**www.merlinproperties.com**



**MERLIN PROPERTIES, SOCIMI, S.A.**  
**Preparation of the interim financial statements for the six-month period ended June 30, 2021**

At their meeting of July 29, 2021, the directors of Merlin Properties SOCIMI, S.A. prepared the interim financial statements for the six-month period ended June 30, 2021. The consolidated interim financial statements comprise the accompanying documents preceding this statement, drawn up on \_\_\_\_\_ sheets of ordinary paper. Furthermore, by signing this signature sheet, the members of the Board of Directors of MERLIN PROPERTIES, SOCIMI, S.A. state that they have personally signed the consolidated interim financial statements, which have also been signed on all pages by the Secretary or the Non-Director Deputy Secretary merely for identification purposes.

Signed:

\_\_\_\_\_  
Mr. Javier Garcia-Carranza Benjumea  
Chairman of the Board of Directors

\_\_\_\_\_  
Mr. Ismael Clemente Orrego  
Vice-Chairman of the Board of Directors

\_\_\_\_\_  
Ms. Francisca Ortega Hernández-Agero  
Member

\_\_\_\_\_  
Ms. María Ana Forner Beltrán  
Member

\_\_\_\_\_  
Ms. María Luisa Jorda Castro  
Member

\_\_\_\_\_  
Ms. Pilar Cavero Mestre  
Member

\_\_\_\_\_  
Mr. Juan María Aguirre Gonzalo  
Member

\_\_\_\_\_  
Mr. Miguel Ollero Barrera  
Member

\_\_\_\_\_  
Mr. Fernando Javier Ortiz Vaamonde  
Member

\_\_\_\_\_  
Ms. Ana María García Fau  
Member

\_\_\_\_\_  
Mr. Emilio Novela Berlín  
Member

\_\_\_\_\_  
Mr. George Donald Johnston  
Member

\_\_\_\_\_  
Mr. Ignacio Gil-Casares Satrustegui  
Member

**MERLIN PROPERTIES, SOCIMI, S.A.**  
**Statement of responsibility for the interim financial statements for the six-month period ended June 30, 2021**

The members of the Board of Directors of Merlin Properties, SOCIMI, S.A. declare that, to the best of their knowledge, the interim financial statements for the six-month period ended June 30, 2021, prepared and approved by the Board of Directors at the meeting held on July 29, 2021, were prepared in accordance with the applicable accounting principles and offer a true and fair view of the equity, financial position and results of Merlin Properties, SOCIMI, S.A. and of the subsidiaries included in the consolidated group, taken as a whole, and that the interim directors' report includes a true analysis of the required information and of the business performance, results and position of Merlin Properties, SOCIMI, S.A. and of the subsidiaries included in the consolidated group, taken as a whole, and a description of the main risks and uncertainties they face.

Signed:

\_\_\_\_\_  
Mr. Javier Garcia-Carranza Benjumea  
Chairman of the Board of Directors

\_\_\_\_\_  
Mr. Ismael Clemente Orrego  
Vice-Chairman of the Board of Directors

\_\_\_\_\_  
Ms. Francisca Ortega Hernández-Agero  
Member

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Ms. María Ana Forner Beltrán  
Member

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Mr. Ignacio Gil-Casares Satrustegui  
Member